St. Louis County Housing Study

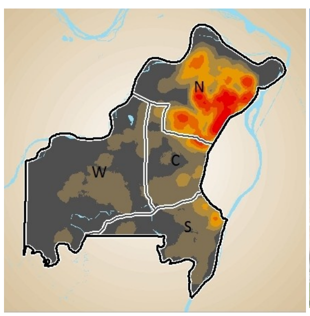
Prepared for

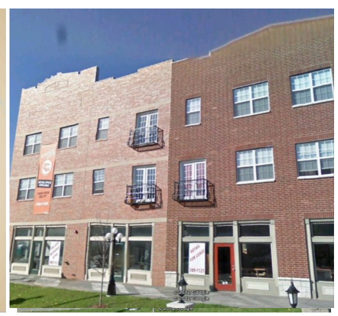
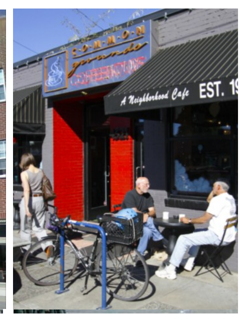
The Office of Community Development, St. Louis County Department of Planning

and the

East West Gateway Council of Governments

May 2012




DEVELOPMENT STRATEGIES®

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May 2012

DEVELOPMENT STRATEGIES®

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REPORT SUMMARY

INTRODUCTION AND SCOPE

In the fall of 2011, Development Strategies was commissioned to conduct a housing study of St. Louis County by the Office of Community Development (OCD) of the St. Louis County Department of Planning. The focus of the study is on affordable housing and the role it can play in addressing anti-poverty efforts.

Specifically, this study documents and evaluates home foreclosures and affordable rental housing in St. Louis County (referred to simply as the "County" throughout this study). It includes not only measures of the pace and scale of foreclosures and the quality and condition of affordable housing, but analysis of the factors that lead to differences in the quality of affordable housing, the demographic variables that correlate with affordable housing, and the policies that could lead to better outcomes and uses of limited public funds.

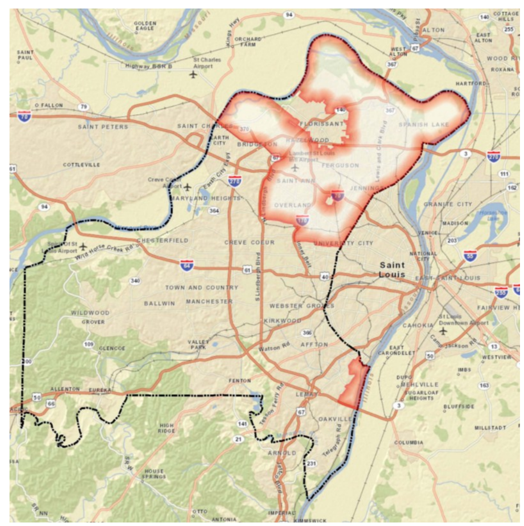
Early in the process of conducting this study, it was determined that the problems and solutions related to affordable housing extend far beyond anything that can be addressed simply within the context of the building and real estate industries. Affordable housing is affected by poverty, economic development, education, crime, and a host of other variables. It is for this reason that this study goes beyond basic "nuts and bolts" housing tools to address the many issues that lead to the delivery of substandard housing to the marketplace.

AREAS OF STUDY

The issue of foreclosures and the delivery of affordable housing affects every part of the County in some way.

However, concentrations of foreclosures and affordable housing are not evenly distributed throughout the County. This report focuses on two areas—North St. Louis County ("North County") and Lemay—which have been designated as Neighborhood Stabilization Program (NSP) areas. These areas have been hit particularly hard by the foreclosure crisis, and this has exacerbated existing problems such as low wages and depressed property values.

Having stated that, it seemed impractical to apply the same amount of weight to both North County and Lemay, since North County is comprised of 337,000 people, while Lemay's population is under 17,000. Therefore, North County is emphasized to a greater degree in this report, though Lemay shares, on a smaller scale, some of its problems. Many—if not all—of the policy tools offered in this report are applicable to both areas, even if more print is devoted to North County.

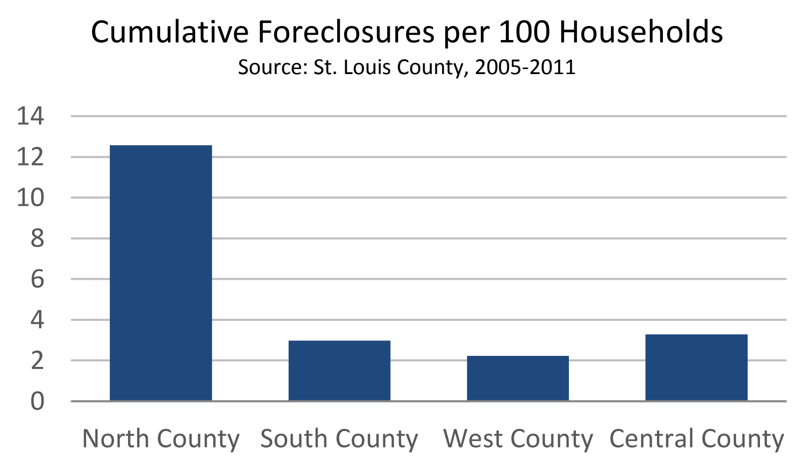


The boundaries of the Neighborhood Stabilization Program (NSP)—focus areas of this study—are outlined in red.

PROBLEM STATEMENT

The problems of Lemay and North County can largely be tied to underperforming housing markets and the fallout that results when the economic incentive for homeowners and landlords to maintain and improve their properties diminishes. In strong housing markets, property values appreciate and sale prices and rents are sufficiently high so owners can confidently invest in their properties because they are likely to get a return on their investment. Governments do not have to be as actively engaged in "policing" landlords to ensure that they are not neglecting their properties.

When properties do not appreciate rapidly enough, a cycle can be set off in which property owners no longer have economic incentive to invest in maintenance and repair, replacement housing is not economically feasible, higher income residents become difficult to retain, and city tax collections (and thus the services they fund) decline. This can lead to greater social disorder—the indicators for which range from elevated crime rates to declining academic performance. The result of which is that some of the most responsible residents—the very backbone of most communities' tax bases—may choose to leave.



The foreclosure crisis has exacerbated many problems. For every home that is foreclosed upon, surrounding properties lose one percent of the value—more in economically depressed neighborhoods. In North County, an estimated 13 of every 100 homes has gone into foreclosure since 2005, so the effect has been significant.

Interventions—be they policy, new investment, etc.—will be needed to improve the marketability of North County and Lemay and stem decline in order to position them to be competitive during the next period of demographic transformation. Consider the following:

- **Median home values are very low:** $88,000 for North County, which is 39 percent less than the figure for the whole of St. Louis County ($144,000). Just eight percent of homes in North County are valued above $200,000, compared to 33 percent for the region.
- **The population of North County is declining:** It lost 21,000 people from 2000 to 2010, leading to the first decadal population loss in the County in at least 100 years. Over the same period, St. Charles County grew by 27 percent.
- **Income inequality for North County residents is growing:** In 1990, median household income for North County was three percent greater than that of the St. Louis MSA. Now, at $45,000, it is 13 percent lower.
- **Housing vacancy is high:** At 12 percent, vacancy in North County is double that of West County and South County.
- **Affordable housing is concentrated in North County:** Of 6,600 tax credit units that are part of large properties (defined as having 50 or more units) in the County, 63 percent are in North County.
- **Foreclosures are concentrated in North County:** Since 2005, 17,000 of the County's 24,000 foreclosures occurred in North County.
- **Property depreciation:** From 2005 to 2011, most properties in Central, West, and South County experienced slight net increases in assessed values, whereas many areas in North County experienced significant decreases.

These facts point not only to an ailing housing market, but to a changing paradigm for St. Louis County. Since it is largely built-out, it can no longer count on new suburban development as a means to grow its tax base. Further, County resources are limited to tackle, on its own, the vast problems of foreclosures, concentrated poverty, and housing conditions. Fragmented governance, particularly in North County (where, in one instance, 24 communities encompass an area with just 35,000 people) leads to inefficiencies and presents hurdles to building the consensus needed to address problems comprehensively.

In this context, problems such as a deteriorating housing stock cannot be addressed through passive governance and myopic strategies that ignore broader factors such as economic development, nor can it be addressed without engaging the private sector.

ASSETS AND OPPORTUNITIES

Despite the seemingly gloomy conclusions above, there are reasons for a more positive outlook for North County and Lemay's collective futures—that it is not too late for targeted interventions that could stem decline and keep them from going the direction North St. Louis City has taken over the past several decades.

Broad future shifts in demographics and housing preferences could reward new policies and efforts—if put in place in North County today

The demographics of the nation are shifting, as are preferences regarding the types of communities that people want to live in. Sprawling growth at the region's edge (e.g., St. Charles County) cannot be assumed to continue at its current pace over the next 20 years. Demand for large lot, family-targeting housing will decline, while demand for smaller homes and multi-family units will increase, reflecting an aging nation and one with fewer and smaller families. Further, preference surveys show an increasing segment of the population that is willing to trade in housing size in order to live closer to work and/or walkable, mixed-use communities. With the right interventions, parts of North County could be remade to take advantage of these changes, improving its fortunes in the process.

The extent of problems in North County and Lemay is less than that of North St. Louis City

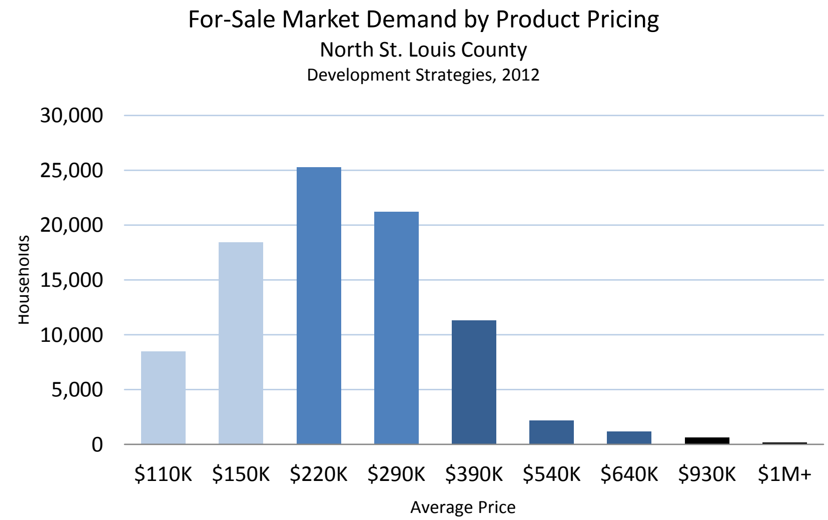
Virtually all basic metrics indicate that the depth and breadth of problems in North County, while increasing, are not at the level of those in North St. Louis City. These metrics include household incomes, population loss, crime rates, percentage of households below the poverty rate, high school graduation rates, and housing vacancies. Operating under the premise that more stable neighborhoods require less intervention than less stable ones, there is a greater likelihood of achieving positive outcomes in many North County neighborhoods.

A growing segment of the population is willing to live in a smaller home, provided it is near work and amenities. This presents an opportunity for North County to reposition itself.

North County has numerous assets and opportunities that could be better-leveraged to strengthen communities and stimulate new investment

The amount of community assets in North County is substantial. Institutions such as University of Missouri St. Louis (UMSL) and health care providers not only offer stable employment, they have a long-term, vested interest in North County. Further they can lend expertise in problem-solving. Lambert Airport, Boeing, Express Scripts, and Emerson Electric are all large employers that also have a strong incentive to ensure that North County once again thrives as a collection of communities. These entities could become partners in investing (monetarily and otherwise) in place-based strategies centered on opportunities such as transit-oriented development (at MetroLink stations), mixed-use main streets, new town centers, and grayfield redevelopment.

University of Missouri St. Louis



Demand analysis indicates a mismatch between home prices and housing affordability: many North County residents can afford quality replacement housing if the right products are offered

Many North County and Lemay residents remain their communities' greatest assets. Demand analysis reveals that 73 percent of owner households in North County can afford a mortgage of between $150,000 and $290,000—well above the current median home value of $88,000. Policies and investment should be tailored to retaining these residents—many of whom might be compelled to stay in their communities if attractive new infill projects are offered at appealing locations with a strong sense of place.

St. Louis County Housing Goals and Tools©

Housing Goals Diagram © DEVELOPMENT STRATEGIES 2012 Matthew Wetli, Megan Hinrichsen

POLICY GOALS AND TOOLS

To address the broad and interconnected challenges to delivering and maintaining quality affordable housing in St. Louis County, a comprehensive approach and menu of tools are needed that can be applied to specific circumstances. These tools should serve four policy goals:

- Improve the Market
- Address Housing Quality and Access
- Respond to Shifting Markets
- Improve Decision Making

Improve the Market

Many of North County and Lemay's current problems stem from low marketability and image, which result in lower rents and occupancies, and thus less market-based investment. Factors that affect community marketability are many, and can include perceptions of schools and crime. These are important issues that, whether real or perceived, need to be addressed.

There are tangible, physical development efforts that can also improve marketability. These include:

- **Targeting opportunity areas:** Areas in North County that present the best opportunities to catalyze market-based investment and/or property appreciation should be selected for focused investment. These include town centers, main streets, transit-oriented developments, and historic districts.
- **Placemaking:** Mixed-use development, walkable communities, and public space create real, lasting value for communities and should be encouraged.
- **Public-private partnerships:** Equity funds that utilize private and public funds should be created and community development corporation (CDC) capacity should be increased, particularly in an effort to focus investment in opportunity areas.

Address Housing Quality and Access

Where markets are weak, housing problems emerge because the economic incentive to maintain good housing and replace bad housing declines in a corresponding manner. The rash of foreclosures over the past several years has further weakened the market, particularly in North County and Lemay, and led to property depreciation. Tools are needed to reduce foreclosures, maintain housing, and deconcentrate poverty.

- **Foreclosure counseling:** In many cases, loan modifications and budgeting can keep people in their homes, saving everyone—residents, governments, lenders—money by avoiding foreclosure.
- **Foreclosure renting and re-selling:** Residents can also be kept in their homes by renting or re-selling homes to existing tenants at lower monthly payments that reflect current market values.
- **Foreclosure investment strategy:** With limited government funds, a framework can be established to target areas where the greatest impact can be had and the most private investment can be leveraged.

- **Inclusionary and incentive zoning:** Policies and incentives can be put in place to ensure that new developments include affordable rental housing, thus reducing concentrations of poverty.
- **Voucher assistance:** Holders of Section 8 vouchers can be given assistance in the form of anti-discriminatory policies and counseling that makes renters aware of a full range of housing options. In this way, concentrations of poverty can be reduced.
- **Code enforcement:** Routine, proactive property inspections as a condition of occupancy are an excellent way to ensure that landlords are responsibly maintaining their properties.
- **Technical assistance:** Owners of declining or "at-risk" market rate rental properties, as well as owners of affordable properties, could be given technical assistance to learn how tax credits and other programs can help them dramatically improve rental housing conditions.
- **Cooperation:** Given limited resources, the County, various CDC's, municipalities, private sector, and future entities, such as land banks, need to work in partnership toward a shared vision in order to maximize returns on investment (economic and social).

Respond to Shifting Markets

At present, the marketability of housing in some North County communities is low, while demand for new housing has shifted to places like St. Charles County, which has readily-available land for development. While this shift in market demand may not continue forever, there are several areas in North County where, presently, demand for new housing is limited or non-existent.

Where properties are substandard, no longer habitable, and/or pose a threat to the stability of neighboring communities, land banking can be a practical way of managing properties in a weak market. Properties can be acquired, assembled, and made ready for new development when, and if, demand returns. Urban farms present one potential interim use of such land, while other sites may be suitable for park development and/or watershed restoration.

Improve Decision Making

A lack of clear, timely, and easy-to-use information can be among the greatest barriers to improving housing and community conditions. Tools are needed to provide frameworks for investment strategies, understand where potential acquisitions exist, and establish conditions and pricing for acquisitions. Following are tools that exist or could be created to improve decision making:

- **Market Value Analysis (MVA):** Concentrations of foreclosures can be plotted over GIS layers such as vacancy and home values to determine neighborhoods in which to focus investment.
- **Searchable foreclosure database:** Tools such as REO Match can be used to identify bank holdings of foreclosed homes and determine which ones make wise or strategic investments.
- **Interactive affordable housing map:** As part of this project, an interactive map was created that shows affordable housing in the County, provides market information, and rates quality.

The Reinvestment Fund uses GIS to identify concentrations of foreclosures and the market variables impacting each community.

Housing Policy Goals and Tools Summary

Policy Goals		Policy Tools	Problem(s) Addressed/ Minimized	Case Study(s)	Comments
Improve the Market	Targeted Opportunity Areas	Town Centers, Main Streets, TOD, Grayfield Development	• Declining marketability • Declining property values • Declining tax base • Economic development • Jobs-housing mismatch • Population decline	Hennepin County; Belmar	Focusing efforts in specific opportunity areas ensures that public and private dollars will be spent in ways that will have the greatest, most lasting impact
	Placemaking	Mixed-Use, Walkable Communities, Public Space	• Declining marketability • Declining property values • Declining tax base • Economic development • Population decline	City of Ferguson's complete streets initiative, form-base code revisions	Policies that lead to the creation of defined places with character will be better-positioned to meet future market demand
	Public-Private Partnerships	Establish equity fund and CDC with to operate within opportunity areas	• Declining marketability • Declining property values • Disinvestment • Limited public resources	3CDC and Over the Rhine, Cincinnati; St. Louis Equity Fund	Private dollars can be used to leverage public dollars (and vice versa) and funnel investment into targeted opportunity areas
Respond to Shifting Markets	Respond to Shifting Markets	Land Banking: Dedicated funding source; unrestricted geography; broad powers to proactively pursue distressed properties	• Limited city resources to provide services • Environmental degradation • Reduction of blight • Restored balance of supply and demand • Acquisition of at-risk properties	Cuyahoga Land Bank	Unlike passive land banks that receive properties through tax foreclosure, proactive land banks (with sufficient funds) can aggressively and strategically pursue distressed properties
Improve Decision Making	Searchable Database of Foreclosure Properties	Make foreclosed properties easily searchable for CDCs	• Inability to quickly search and identify viable foreclosure properties for acquisition	REO Match	Reduces time, risk of putting foreclosed properties back on the market
	County Affordable Housing Interactive Map	Make affordable housing properties easily searchable for policymakers and renters	• Inability to quickly identify affordable properties and search their quality, condition, rents, etc.	Beta site created as part of this project	-
	Market Value Analysis	Layer foreclosed homes over market and demographic data	• Inability to understand clusters of foreclosures relative to market data	Beta site created as part of this project	Understanding areas where vacancies are high and property values are low, relative to clusters of foreclosed homes, can aid in creating a policy rationale for distribution of public funds.

Housing Policy Goals and Tools Summary

	Policy Goals	Policy Tools	Problem(s) Addressed/ Minimized	Case Study(s)	Comments
Address Housing Quality and Access	Improve Foreclosure Decision-Making	Due diligence	• Declining property values • Declining tax base • Declining city services • Social disorder • Crime • Loss of private capital	REO Match, "First Look", Waypoint Real Estate Group	Web tools and quick appraisal methods can reduce risk in acquiring foreclosed properties
	Foreclosure Investment Strategy	Market data	• Declining property values • Declining tax base • Declining city services • Social disorder • Crime • Loss of private capital	The Reinvestment Fund and Market Value Analysis	A transparent policy framework can be formulated using market data; limited funds can be used judiciously, where they have the greatest impact
	Counsel	Foreclosure Counseling	• Declining property values • Declining tax base • Declining city services • Social disorder • Crime • Loss of private capital	Beyond Housing	Possibly the least expensive approach—to governments, lenders, and residents—in addressing the foreclosure crisis
	Reduce Monthly Expenses	Reduce monthly payments to reflect current market values and low interest rates	• Declining property values • Declining tax base • Declining city services • Social disorder • Crime • Loss of private capital	Boston Community Capital	Buying underwater properties at discounted rates, and selling them back to qualified households can greatly reduce foreclosures
	Reduce Concentrations of Poverty	Inclusionary zoning; Incentive Zoning	• Concentrated poverty • Jobs-housing mismatch • Social disorder	Chicago's Affordable Requirements Ordinance	Affordable housing can be required as a percentage of an overall development, or rewarded with incentives such as density bonuses
	Reduce Concentrations of Poverty	Voucher counseling centers; voucher non-discrimination policies	• Concentrated poverty • Jobs-housing mismatch • Social disorder	Montgomery County Voucher Discrimination Ordinance; Chicago Housing Authority's Mobility Program	Reducing concentrations of subsidized housing can, in some instances, be as simple as providing counseling. Or it may require anti-discrimination policies.
	Declining Property Conditions	Tax credits assistance and public "gap" financing for renovation or replacement	• Declining property values • Obsolescence • Declining occupancy • Blight		County authorities can provide technical assistance to owners of at-risk properties to secure tax credits and other sources of funding
	Code Enforcement	Proactive home inspections; responsible landlord licensing program	• Declining property values • Blight	St. Peters, University City, Ferguson	Requiring licensure leads to proactive home inspections, rather than reactions to complaints. Physical deterioration can be addressed early.

Chapter 1

INTRODUCTION AND SCOPE

Project Scope

The problem of foreclosures and the delivery of quality, affordable housing involve a complex and intertwined set of variables that includes economic development. This study evaluates these and other forces impacting St. Louis County and provides a menu of policy tools to address affordable housing issues.

In the fall of 2011, Development Strategies was commissioned to conduct a housing study of St. Louis County by the Office of Community Development (OCD) of the St. Louis County Department of Planning. The focus of the study is on affordable housing and the role it can play in addressing anti-poverty efforts.

Specifically, this study documents and evaluates home foreclosures and affordable rental housing in St. Louis County (referred to simply as the "County" throughout this study). It includes not only measures of the pace and scale of foreclosures and the quality and condition of affordable housing, but analysis of the causative factors that lead to differences in the quality of affordable housing, the demographic variables that correlate with affordable housing, and the policies that could lead to better outcomes and uses of limited public funds.

Early in the process of conducting this study, it was determined that the problems and solutions related to affordable housing extend far beyond anything that can be addressed simply within the context of the building and real estate industries. Affordable housing is affected by poverty, economic development, education, crime, and a host of other variables. It is for this reason that this study goes beyond basic "nuts and bolts" housing tools to address the many issues that lead to the delivery of substandard housing to the marketplace. This study therefore follows an outline that seeks to first identify and document problems, and then offer policy tools to address them.

Study Outline

- **Overview and Demographics:** Defines the footprint of affordable housing issues in St. Louis County, the demographic conditions that impact housing in these areas, and the assets that can be drawn upon to improve the delivery of quality affordable housing.
- **Defining the Problem:** In order suggest solutions to a problem, the problem must first be understood. This section identifies the many intertwined variables that have led, or could lead, to a decline in the quality of affordable housing in parts of St. Louis County, if left unaddressed.
- **Data Analysis:** This section analyzes data, primarily from two sources: St. Louis County and a survey of affordable housing properties that was conducted by Development Strategies in the spring of 2012.
- **Policy Tools:** A number of policy tools are presented to address problems related to affordable housing, or ensure that limited resources are used in a way that has the greatest impact in addressing these problems.

Project Geography: Areas of Focus

While the foreclosure crisis and affordable housing affect everyone—directly or indirectly—some areas have been disproportionately affected. This study focuses on those areas, which include North County and Lemay.

The issue of foreclosures and the delivery of affordable housing affects every part of the County in some way. Foreclosures can lead to declining tax revenues with which cities provide services, and can set up a chain of events that lead to a breakdown in the social fabric. Affordable housing can play a vital role in the economy by providing moderate-income households with quality housing that is near employment.

Having stated that, concentrations of foreclosures and affordable housing are not evenly distributed throughout the County. Following are four sub-areas in which the County is divided for purposes of this study (see map on next page):

- North County
- Central County
- West County
- South County

As this report demonstrates, overwhelming concentrations of both foreclosures and affordable housing exist in North County, which is therefore the center of emphasis of much of this study.

What is the Neighborhood Stabilization Program (NSP)?[1]

Three rounds of Neighborhood Stabilization Program (NSP) funds have been authorized by federal sources and administered by HUD to address the problems of foreclosures. They can be used for five types of activities:

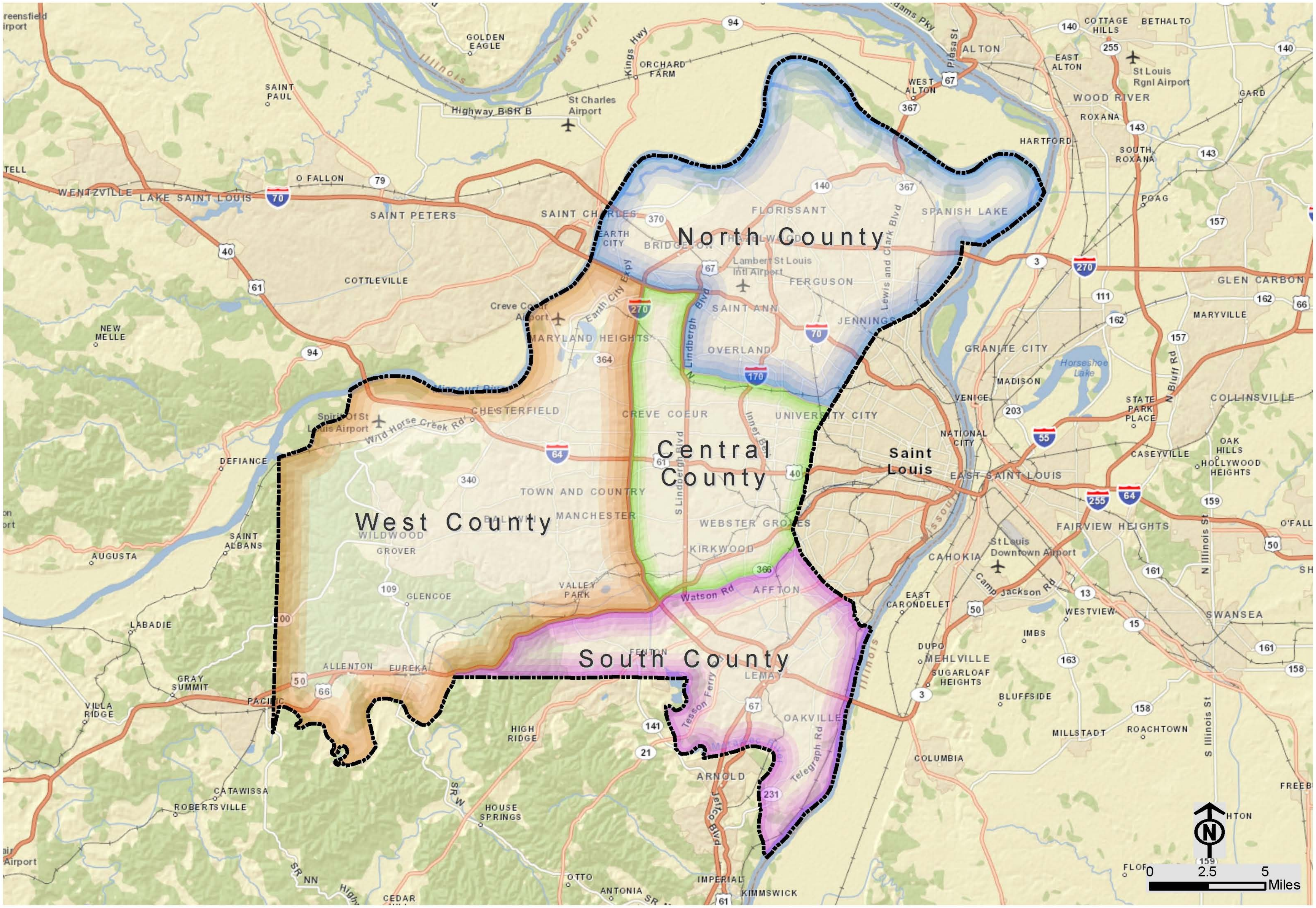
- Providing low and moderate-income homebuyers with financial incentives to purchase and redevelop foreclosed homes.
- Acquiring and rehabilitating foreclosed homes and buildings for sale, rent, or redevelopment.
- Establishing a land bank to assemble, maintain, and dispose of vacant land for the purpose of stabilizing neighborhoods.
- Demolishing foreclosed, blighted properties.
- Redeveloping demolished or vacant properties.

St. Louis County was awarded $18.4 million in the first round of NSP allocations, in 2009—enough to directly acquire 370 homes at $50,000 each. The total number of foreclosed homes in the County, between 2005 and 2011, exceeds 24,000.

Another set of geographic boundaries that are emphasized in this study are those of the Neighborhood Stabilization Program (NSP), which includes North County, as well as Lemay, which is found in South County.

Maps on the following pages display both the County sub-areas and the NSP boundaries.

Funding for this study was provided to St. Louis County by East-West Gateway Council of Governments, which it procured through the Department of Housing and Urban Development.



SUB-MARKET AREAS

St. Louis County, Missouri

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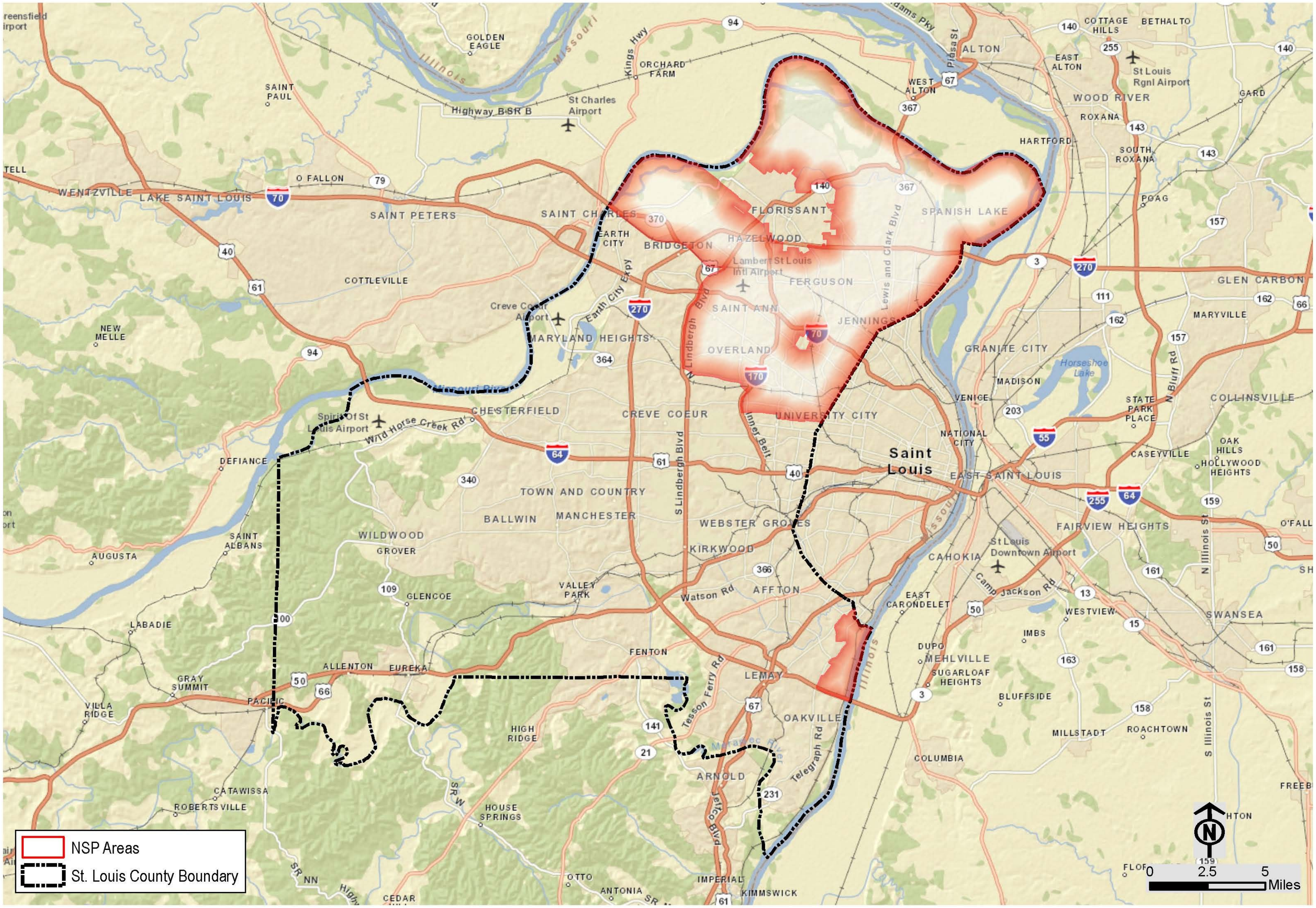

NEIGHBORHOOD STABILIZATION PROGRAM AREAS

St. Louis County, Missouri

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guiding effective decisions in real estate, community, and economic development

April 2012

Chapter 2

NORTH COUNTY AND LEMAY: OVERVIEW AND DEMOGRAPHICS

North County is a broad area that is far from homogeneous, whereas Lemay is relatively compact and uniform. This section provides an overview of these areas, focusing on many of their assets that could be leveraged as anchors in any scheme to effect positive change. This section also provides an overview of demographics, including broad national trends that could impact North County and Lemay, and more local patterns that are present today.

Overview

While Lemay is a compact and easily defined area, North St. Louis County is a broad area with diverse populations and many well-maintained neighborhoods. It does, however, have the majority of affordable and low-income housing that is found in the County, as well as concentrations of foreclosed homes. Policies and initiatives are needed to increase the likelihood of positive outcomes for at-risk neighborhoods.

While Lemay is a fairly compact and easy-to-define area, North St. Louis County (i.e., "North County") is a large, diverse area, consisting of 150 square miles and 337,000 people. It has areas with declining populations and areas with stable ones. It has neighborhoods comprised of college professors and areas where educational attainment is relatively low. Some communities have a deteriorating housing stock, whereas others have well-maintained homes and yards. As a result, demographic, housing, and marketability assessments of North County reveal general tendencies—particularly in comparing it to other areas, such as Central County, West County, or the broader metropolitan region. These tendencies, along with North County's unique assets and constraints, help to form an overall picture from which more detailed analyses of policy, housing, and economic development can be explored.

On the whole, North County might be described as a collection of communities that are comprised of working families, middle class neighborhoods, and areas of poverty. Housing values are relatively low. (Esri, a data provider, estimates the median housing value to be $88,000, compared to $144,000 for the whole of St. Louis County. Reis, a data provider, estimates average effective monthly rents to be $615 for North County (compared to $695 for the St. Louis Metro.) While there are many well-maintained communities in North County, these data underscore the difficulty of investment in new and existing housing stock for many communities—a subject explored in greater detail in this study.

There are many other tendencies that characterize North County, but certainly do not define every community or neighborhood. When compared with St. Louis County, incomes are lower. Fewer residents hold college degrees. The proportion of blue collar workers is higher than other parts of the County. What can be said about North County is that, while it has numerous stable neighborhoods, it also has a great deal of "at risk" neighborhoods that require greater attention by planning, housing, and economic development professionals, as well as other policymakers, to consider policies that could lead to better outcomes—reversing decline in some neighborhoods while maintaining value in others.

Importantly, there are two key ways in which housing patterns in North County (and Lemay, to a lesser extent) diverge from other parts of St. Louis County: it has a disproportionate share of affordable housing developments, as well as homes that have been foreclosed upon. These two patterns are the subject of this study: policies and trends (socio-economic and otherwise) that have led to these concentrations and the policies, programs, and efforts that might be implemented to improve conditions, where needed.

Single family residence in St. Ann.

Assets and Opportunities

Economic development and housing are interrelated. The major employers and institutions in North County and Lemay are community anchors around which effective housing and economic development strategies can be organized.

Maintaining and improving housing and neighborhoods in North County have a number of challenges, while solutions involve more than housing policy alone—other interrelated factors need to be included, such as economic development and job creation, transportation, and urban design. North County does have a number of assets that cumulatively provide a foundation around which effective economic and housing strategies can be organized.

- **University of Missouri—St. Louis (UMSL):** located in Bellerive and Normandy, UMSL has an enrollment of over 16,000, and the university is a major employer, with approximately 1,500 workers. In addition to providing jobs, the university has an interest in the stabilization of neighborhoods and communities within its orbit.

- **Lambert International Airport:** a major asset for North St. Louis County, the airport provides over 15,000 jobs and is a catalyst for nearby industries—often ones with a distribution focus.

- **Boeing Defense, Space, and Security (BDS):** located just north of the airport in Berkeley, it is the county's largest employer, with 16,000 employees. Boeing provides relatively high-wage jobs in both white-collar and blue-collar professions.

- **NorthPark:** The master plan for this expansive project targets industrial, distribution, and office uses on 550 acres near Lambert airport and UMSL. To date, 1.2 million square feet of space has been added. At buildout, the County projects that 12,000 people will be employed.

- **Express Scripts:** One of the nation's leading managers of pharmacy benefit plans, Express Scripts located its corporate headquarters in NorthPark, on the campus of UMSL. It added 1,900 employees to the area in its first two phases, and has plans for further expansion.

- **Healthcare:** As part of a growing industry, hospitals are stable employers that often expand and add jobs. Christian Northeast Hospital is a 678-bed facility that offers a wide range of medical services and employs over 2,000 people. Depaul Health Center, which is part of the SSM system, is located near the edge of North County and West County. With 2,200 employees, it is also an employment anchor in the North County area.

A number of major employers and institutions anchor North County. **Top Left:** The University of Missouri at St. Louis (UMSL) **Top Right:** Express Scripts **Bottom Left**: Lambert International Airport **Bottom Right:** Boeing Defense, Space, and Security

Improving the quality of place and creation of community and town centers increases the marketability of surrounding housing and neighborhoods. Several current efforts should be encouraged as a means to attract and retain a stable residential base. Transit is a means to not only organize development, but connect people to jobs and reduce transportation costs.

- **Jamestown Mall Development:** Once an anchor of North County, the Jamestown Mall's inability to maintain a high occupancy rate has led county officials to focus on redevelopment of this large site. Plans include a scaled-back, open-air retail concept that is centered on public space and new housing. Implementation of the plan would provide a desirable town center that would increase the marketability of nearby housing.

- **Main Streets and Town Centers:** Historic town centers and main streets, such as those found in Ferguson and Florissant, can help to make North County a more desirable place to live. Efforts such as Ferguson's Complete Streets initiative, which seeks to enhance the character of its town center by encouraging a more walkable, mixed-use environment, are necessary to attract and keep a stable residential base.

- **MetroLink:** The presence of the MetroLink red line, which links Lambert Airport to Downtown St. Louis (and many points in-between), is a significant asset that can be leveraged to realize higher and better development uses, including quality transit-oriented development projects. MetroLink also connects North County residents to jobs and reduces household transportation costs.

- **Greyfields:** Sites with ailing shopping centers present excellent opportunities for mixed-use, transit-accessible redevelopment that incorporates retail, employment, and dense residential development.

- **Interstates:** Several interstate corridors run through North County, including I-70, I-270, and I-170. Each generates significant amounts of traffic and provides access to employment and shopping. These corridors are assets around which commercial development has historically been—and can continue to be—organized.

- **Lemay:** this area of South St. Louis County has several assets to build upon, including the new, $450 million River City casino and Jefferson Barracks Park, the latter of which is home to a VA hospital.

Many opportunities exist in North County to leverage existing assets to create higher-quality places. **Top Left:** MetroLink **Top Right:** An example of quality, high-density housing at a transit station. **Bottom**: An example of a walkable, mixed-use main street environment (Image provided by Urban Advantage)

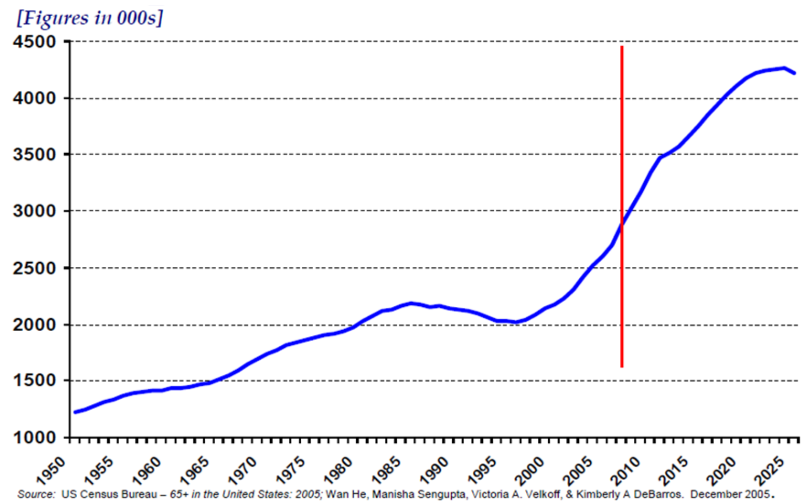
Demographic Analysis: Overview

Despite the current housing downturn, long term demand for housing—nationally and in the St. Louis region, is great. If present trends continue, most of this regional growth will not occur in North County; rather it will go to places like St. Charles County and Metro East.

- The U.S. will reach 400 million people around 2040, up 100 million from 2005.[2]
- The next 100 million Americans will require 40 million homes. Add 30 million replacement homes, and 70 million homes will be constructed between 2005 and 2040, for an average of two million homes per year.[2]
- Over the next five years, Metro St. Louis will add 33,000 people (Esri). Using a straight-line projection, the region stands to gain roughly 100,000 people over the next 15 years.
- Households are becoming more diverse. In 1960, 48 percent of households had children. By 2025, this number will be reduced to 28 percent.
- The population is aging: 41 million of the next 100 million will be over 65.[3]
- In 1960, 13 percent of all housing units were occupied by a single person. This increased to 26 percent by 2000, and is projected to increase to 28 percent in 2025.[3]

Though St. Louis is not a rapidly-growing region, it will nevertheless experience demand for new housing growth. This growth will be pushed toward the region's edges, unless closer-in housing is renovated, new products are offered, and/or land is redeveloped.

Americans Turning 65 Each Year



Source: Census for 1960 and 2000, 2025 adapted from Martha Farnsworth Riche, How Changes in the Nation's Age and Household Structure Will Reshape Housing Demand in the 21st Century, HUD (2003).

Decline in Households with Kids

Household	1960	2000	2025
With Children	48%	33%	28%
Without Children	52%	67%	72%
Single	*13%*	*26%*	*28%*

Source: Census for 1960 and 2000; adapted from Martha Farnsworth

Based on the projected demographic shift nationally, attached and small lot housing will be in increased demand, while large lot housing will not.

According to demographic and housing analysis by Arthur Nelson, a noted demographer, large lot housing is in oversupply through 2025. By contrast, a significant amount of attached housing and small lot housing will be needed to meet the needs of a changing population.[4]

North County, with its older, smaller housing units, may have a housing stock that is better-aligned with future market needs. Having stated that, only housing that is well-maintained and is located in communities with good schools and good services are going to be deemed marketable. So while it is possible that some portion of North County housing may be considered more desirable at some point in the future, communities will have to deliver on a host of other variables to capture future market demand.

Preference surveys show households increasingly want to live in walkable, mixed-use communities that are near employment. This could point to strategies for North County to reposition itself.

National consumer preference surveys align with demographic shifts in that they indicate a slight majority or sizeable minority prefer walkable communities and will live in dense, walkable environments if it places them closer to jobs and amenities.[5,6]

- 33 percent of residents in conventional suburbs prefer a more walkable environment.
- 49 percent of suburbanites prefer a neighborhood where they can walk to nearby shopping.

Surveys consistently show a growing segment of the population is willing to live in smaller homes, provided they are near work and amenities.

- 20 to 40 percent of residents showed a preference for compact, walkable neighborhoods, but only five percent live in such an environment.
- 55 percent would prefer shorter commutes, even if it means living in a higher density environment with smaller lot sizes.
- 55 percent would accept a smaller house if it meant more options to walk, cycle, or take transit.
- 53 percent prefer closer proximity to work over living on a cul-de-sac.
- Recently, national studies have confirmed what local studies have been demonstrating for a decade—many people are willing to trade housing size for shorter commutes.

Population

For the first time in 100 years, St. Louis County recorded a population loss over a 10-year period. This was mostly attributable to losses in North County. With regional growth flowing to St. Charles County and Metro East, St. Louis County can no longer rely on conventional suburban growth to increase its tax base.

Regional Population Trends: Between 2000 and 2010, North County lost over 20,000 residents. With the declining condition of housing stock in parts of St. Louis County and a migration of some businesses to St. Charles County, these patterns of population decline/growth are projected to continue over the next five years.

St. Louis County Population Trends: Since the peak of the County's population of over one million in 2000, it has experienced an overall decline in population with the vast majority of the losses coming from North County. The west and south sub-regions experienced modest growth while the central region had a modest decline. Overall, these three areas of the County had a net gain of almost 4,000 people. Of the projected decline in population in St. Louis County by 2016, over 70 percent is expected to be from North County. Overall, North County is expected to experience the largest proportion of population decline, but each of the sub-regions of St. Louis County will have either a modest decline or little to no growth.

St. Louis County vs. St. Louis City: The population growth patterns between St. Louis County and St. Louis City have had an inverse relationship since about 1950. The city and county had roughly the same population in 1960, but since, the County has had moderate growth while the city continues to lose residents. Since 1970, St. Louis County has experienced relatively little growth and has reached a stable population around one million people.

Regional Population Trends

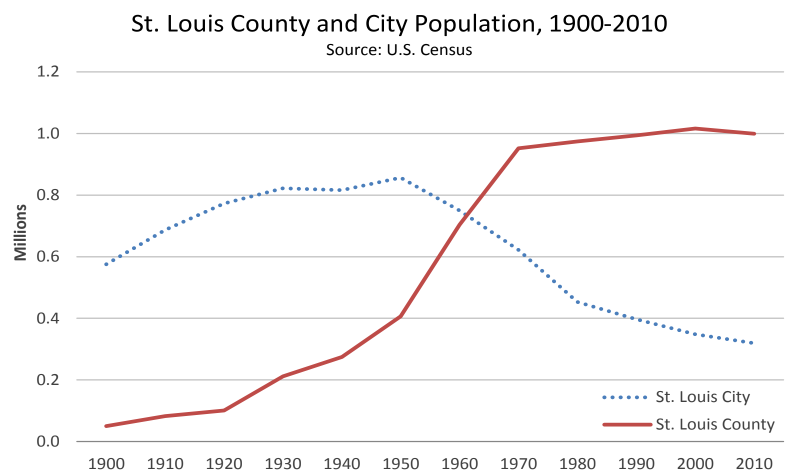
Description	*St. Louis MSA*	*St. Louis County*	*North County*	*St. Charles County*
2016 Projection	2,852,226	988,898	330,884	386,767
2011 Estimate	2,818,784	997,021	336,683	364,724
2010 Census	2,812,896	998,954	339,154	360,485
2000 Census	2,698,687	1,016,315	360,509	283,883
1990 Census	2,580,897	993,529	374,601	212,907
Growth 2011-2016	1%	-1%	-2%	6%
Growth 2000-2010	4%	-2%	-6%	27%
Growth 1990-2000	5%	2%	-4%	33%

2012 Esri

St. Louis County Population Trends

Description	*North County*	*Central County*	*West County*	*South County*
2016 Projection	330,884	216,708	243,029	198,622
2011 Estimate	336,683	217,234	242,995	200,456
2010 Census	339,154	217,293	242,101	200,750
2000 Census	360,509	220,624	236,758	198,798
1990 Census	374,601	226,958	201,880	190,493
Growth 2011-2016	-2%	0%	0%	-1%
Growth 2000-2010	-6%	-2%	2%	1%
Growth 1990-2000	-4%	-3%	17%	4%

2012 Esri

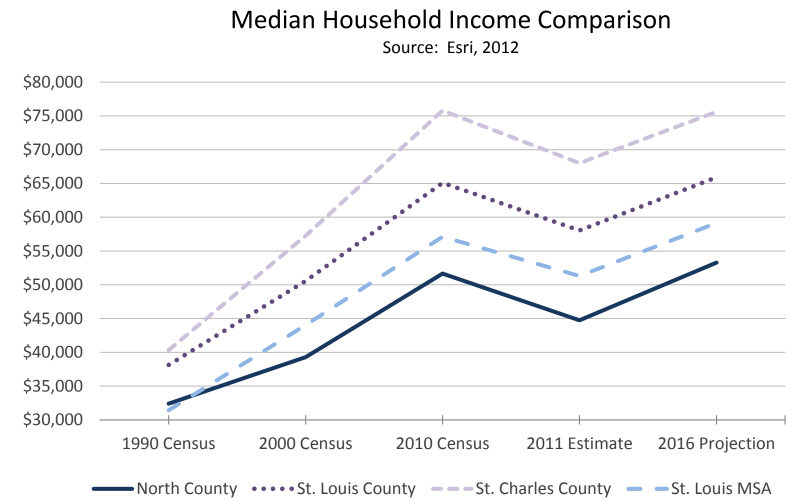


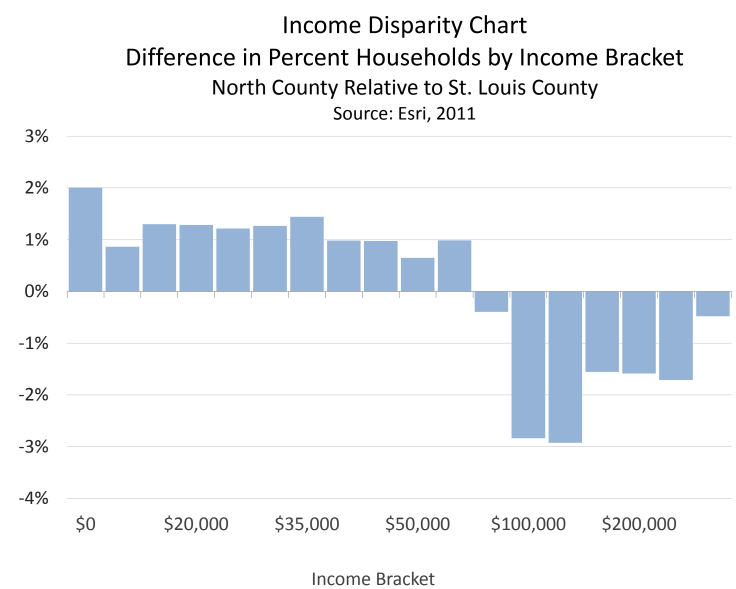
Household Income

In 1990, the median household income in North County was similar to that of the region, but has since increased at a lower rate. On average, the median household income of North County is lower than the region, the County and neighboring St. Charles County.

Household Income Trends: Since 1990 the region has experienced growth in median household income (not adjusted for inflation). The median household income in North County is lower than the region as a whole and has increased at a lower rate. St. Charles County, on the other hand, had a greater increase in household income between 1990 and 2010. In 1990, North County and the metro region had nearly the same median household income, but due to the rapid income growth in St. Charles during this time period, the median household income in the metro region has surpassed that of North County since 2000.

Household Income Disparities: By comparing the proportion of households by income bracket in North County and the County as a whole, North County has a somewhat larger proportion of low and moderate income households than the County as a whole. St. Louis County has a larger proportion of households earning over $100,000 annually.





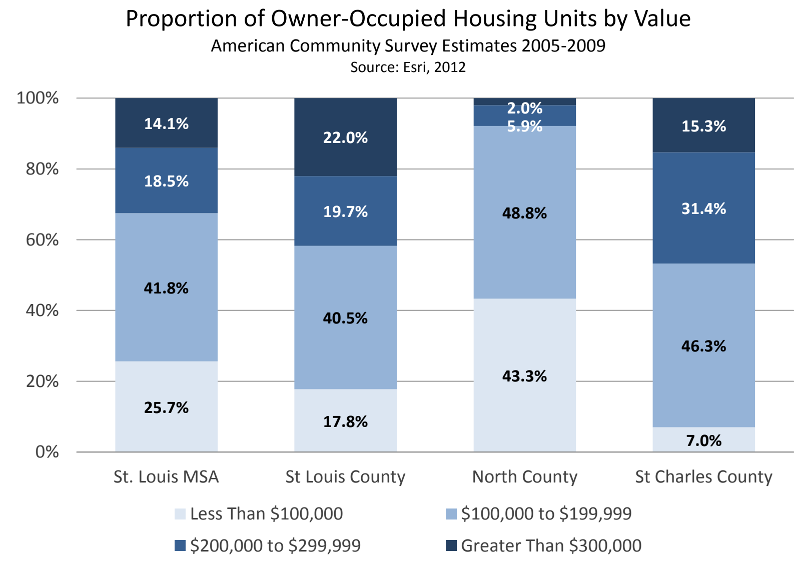
Housing Overview

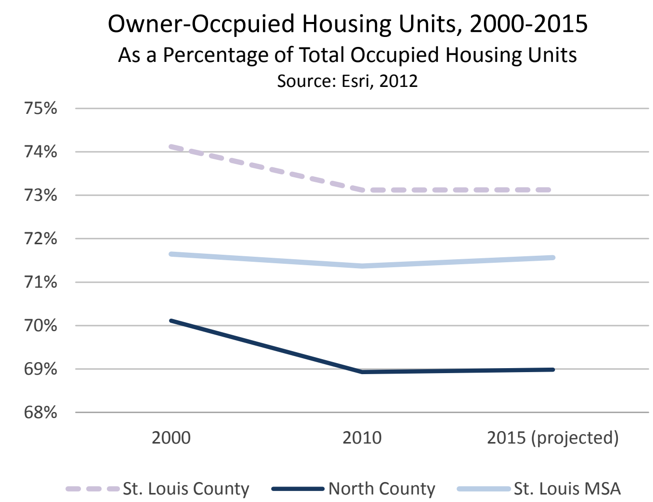
The average home in North St. Louis County is valued less than those of St. Louis County, St. Charles County, and the metro region. Low home values make reinvestment difficult, because adequate gains in value are often not realized. The foreclosure crisis has and will likely continue to reduce the rate of homeownership.

Housing Value: North St. Louis County has the largest proportion of owner-occupied units valued below $100,000 with 43 percent compared to St. Louis County, St. Charles County, and the region as a whole, which is a reflection of the quality of available housing in North County and the average income of its residents. The North County sub-region has 92 percent of its owner-occupied housing valued below $200,000 compared to only 68 percent for the St. Louis metro region.

Housing Type: Single-family detached homes represent almost 75 percent of the housing stock in North County. This is slightly higher than the County (72.3 percent) and region (72.2 percent) as a whole. Of the multi-family properties in North County, 8.8 percent have 10 or more units, which is lower than the county as a whole at 10.7 percent.

Owner/Renter: North County has a relatively large proportion of homeowners and does not share the same disparities in homeownership compared to neighboring St. Louis City (46 percent in 2010), however, compared to the County and the region, it has a larger proportion of renter-occupied units. Though the proportion of owner-occupied housing units has only declined by about one percent since 2000, this trend is likely to continue due to the high volume of foreclosures in North County. Also, with the growing proportion of renters, any new or rehabilitated housing products will likely have to address the growing demand for rental properties.





Housing Demand and Affordability

With declining population and an aging housing stock, North County must replace or rehabilitate obsolete housing to increase its viability and competiveness in the region. Any new or rehabilitated housing products must address the needs of the existing population while accurately reflecting affordability and market demand.

According to the 2010 Census, there were 138,600 households in North County, which represents 34 percent of the households in the County. Of these households, over 19 percent earn less than $25,000 per year and, on average, these households pay 35% or less of their salary towards housing; therefore, a household that earns $20,000 per year should be expected to pay pay around $580 per month on rent.

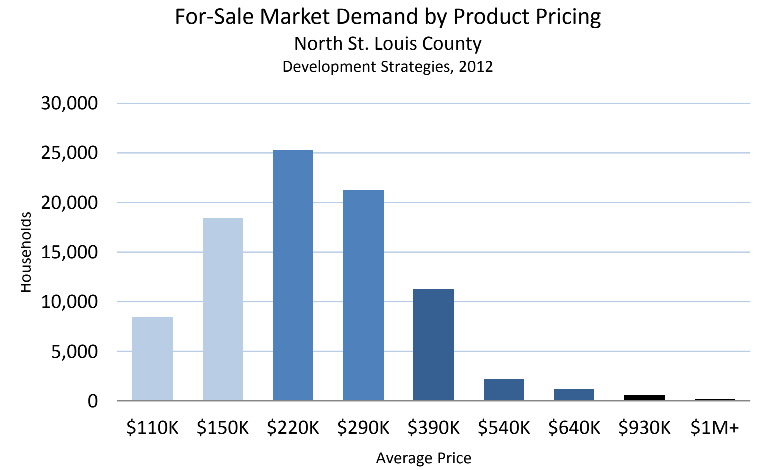
By identifying the number of households by income bracket and making some estimates of percentage of income paid toward housing and proportion of homeowners to renters by income bracket, the cost of housing throughout North County can be estimated. Though some replacement or rehabilitated housing products could attract new residents to the area, in all likelihood, new housing products are more likely to be bought or rented by existing North County residents.

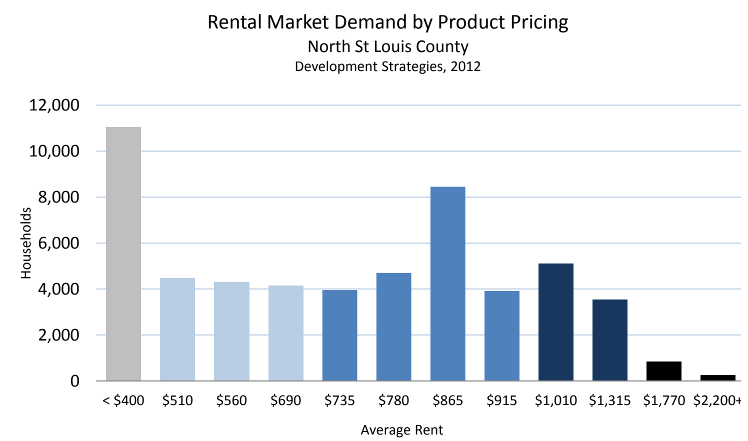
For-sale market: Perhaps surprisingly, North County has a high number of households that could afford housing units at the price points of $220,000 and $290,000 representing over 52 percent of owner households. Only 17 percent of owner households could afford homes priced at or above $390,000.

Rental market: The rental housing market has somewhat of an equal distribution of households that can afford rents from $510 to $1,315 per month, except there is a large number of households (20 percent) that could only afford housing units with rents that are less than $400 per month, which generally require subsidies. Also, there is a larger number of households that could afford housing units between $700 and $960 per month. These households typically earn between $40,000 to $50,000 annually.

Legend: Market Position

Subsidized Affordable Midscale Upscale Luxury





Chapter 3

DEFINING THE PROBLEM

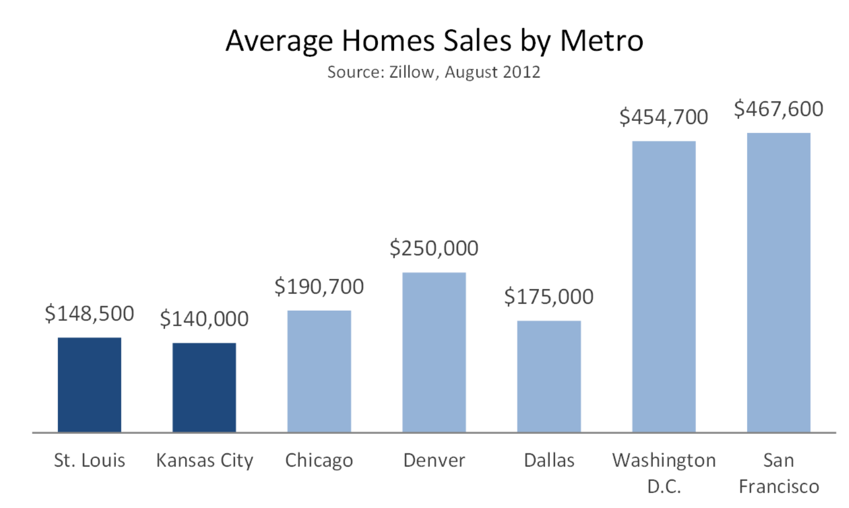
In order to provide tools to address a particular set of problems, the problems themselves must first be defined. For purposes of this study, the primary task is to foster an environment that leads to the provision of quality, affordable housing in communities that do not deteriorate over time. The factors that stand in the way of such efforts are broad and extend well beyond the "bricks and mortar" elements of housing development. They include issues such as market, marketability, economic development, education, crime, and a host of other variables, which are further discussed in this chapter.

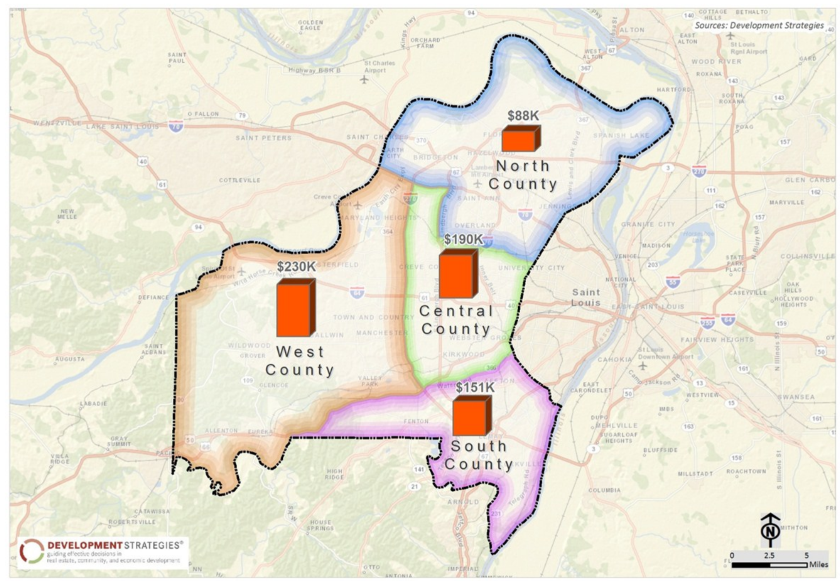
Low Property Values and Investment Disincentive

With a median home value of $150,000, St. Louis residents enjoy a relatively low cost of living. However, in North County where home values and appreciation rates are lower, investment in repairs and maintenance is stymied, leading to a slow deterioration of the quality of the housing stock.

While the St. Louis housing stock is well-known for its affordability, and in some ways this is a strength of the region, it also creates significant limitations in terms of how much investment property owners are willing to undertake because they do not want to over-invest relative to their property's value. In the St. Louis region, the median home value is roughly $150,000—or approximately $300,000 less than that of Washington, D.C. Housing is particularly affordable—perhaps too affordable to be economically sustainable—in mature or declining areas such as North County, which have an aging housing stock. The median home value in North County is approximately $90,000.

While this issue certainly pertains to individual homeowners and their lack of incentive to invest and maintain their own property, it also applies to larger investment property owners and/or real estate developers. Because of lower property values, current rents and sale prices in the St. Louis area, particularly in North County, are too low to support the high costs of new infill construction, which has made new market rate development in North County, and many other parts of St. Louis County, infeasible. Additionally, rents and sale prices do not support sufficient ongoing maintenance or periodic renovations, which causes further decline of large properties.



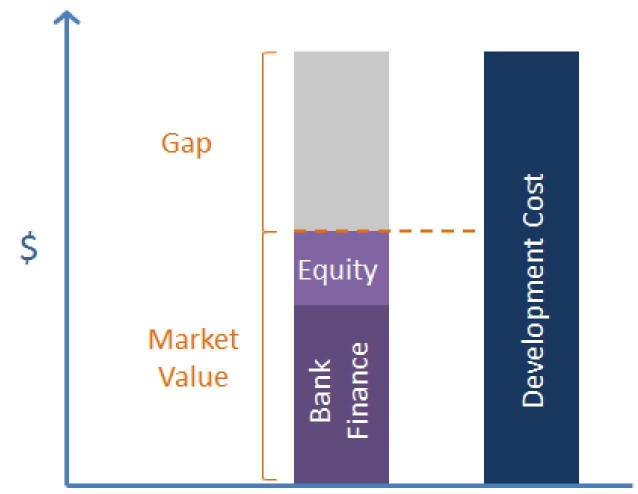


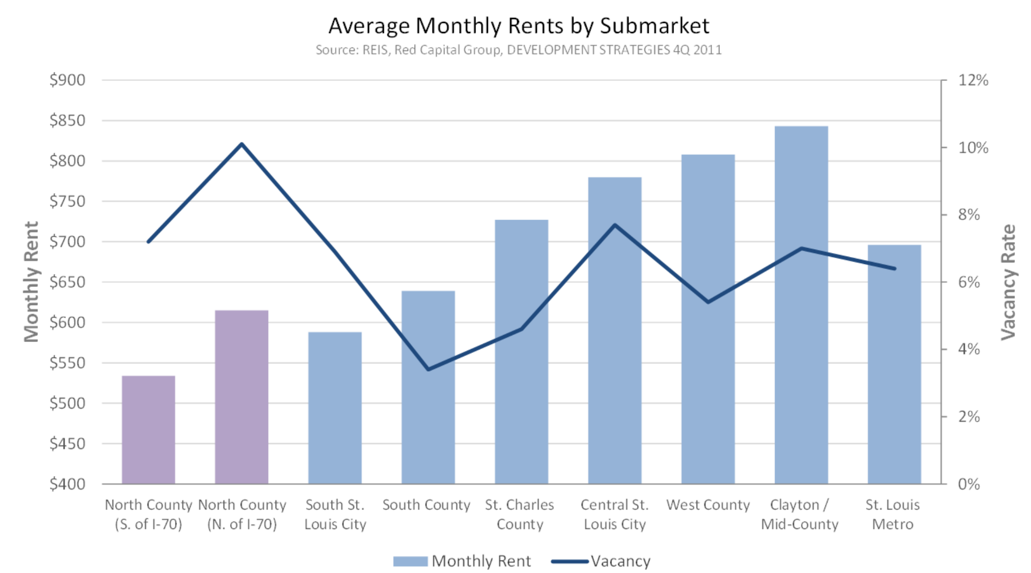
Low Rents and Financial Gaps

Low rents also hinder investment. In North County, market rents are among the lowest in the region. As a result, the development value of rental properties generally exceeds development costs, meaning gap financing—often in the form of tax credits—is necessary to make development of new (and rehabilitation of old) apartment properties financially feasible.

In areas where rents are relatively low, the cost of developing rental apartments often exceeds the market value of the property. As a result, the private market will not deliver new "replacement" units to the market, nor will it rehabilitate existing housing, because there is little or no economic incentive to do so. Therefore, "gap financing" is often needed to bridge the market value of a property and the cost of delivering that property to the market. Such financing is available through the Low Income Housing Tax Credit program, although there are a finite amount of credits that the State of Missouri issues on an annual basis—an insufficient amount to replace or rehabilitate housing units in North County at a rate that exceeds the number of declining units.

The financial gap of delivering quality housing in the St. Louis region is highest in North County, which has the lowest rents in the region (see adjacent table). As a result, tax credits must be used judiciously, where new construction and/or rehabilitated units are most likely to catalyze private investment.



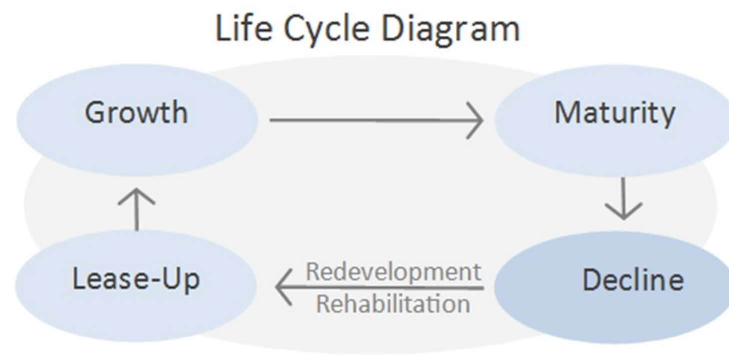


At-Risk Properties: Properties in Decline

In a healthy market in which apartment rents grow at a rate that equals or exceeds inflation, landlords are able to maintain mature properties. In a poorly performing market such as North County, landlords often cut back on maintenance and repairs, gradually resulting in a decline in housing quality.

In the normal life cycle of a rental property, a building will lease-up, possibly grow by adding one or two phases, and then reach maturity. At some point, properties then begin to decline. In a thriving real estate market, a property may remain mature for many decades, since owners theoretically have sufficient funds to maintain properties.

In markets with depressed rents, a period of decline can be brought about more quickly. At this point, properties are vulnerable, because sufficient funds may be lacking to maintain the property, which results in lower rents, which leads to even fewer resources for maintenance. These become "at-risk" properties that can have a blighting impact on adjacent neighborhoods. This points to a need for a system of identification and intervention for such properties before they negatively impact the communities in which they are located.



Woodknoll Apartments is an example of a market rate property in slow decline. Over a period of decades, its rents have not likely kept up with inflation. As rents stagnated (in real dollars), the expense of operations (utilities, wages, etc.) continued to increase. This leaves little money for maintenance, repairs, and modernization, and the result is steady deterioration that ultimately results in blight.

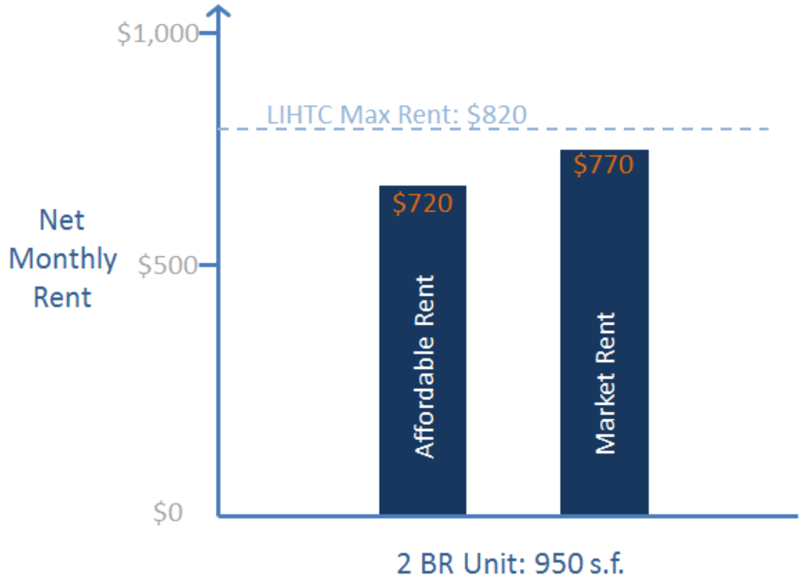
Affordable Housing and Tax Credits

In North County, rental properties whose tax credits are set to expire will not raise rents substantially because the market will not enable them to do so. This is because achievable market rents are lower than the maximum allowable rent under the federal tax credit program.

One of the "not so secret" secrets about affordable housing in the St. Louis region is that while rents at properties financed with tax credits are in fact below market rents—the achievable market rents themselves are below the maximum rents allowable by the federal low income housing tax credit (LIHTC) program. This is particularly true in North County where even owners of market rate properties are unable to charge rents that exceed the affordable rent requirements of common federal programs.

A separate study was conducted by Development Strategies for Beyond Housing in 2011 to determine development opportunities at Rock Road Station—a potentially desirable transit-oriented development location in Pagedale. The study concluded that net market rents of $770 per month were achievable for a two-bedroom unit. While this represents a substantially higher rent than what is currently achieved at Bentwood Townhomes—one of the newest properties in North County—it still falls below the maximum allowable monthly rent of $820 that is allowed under the LIHTC program. What this means is that market rents in North County *are* affordable rents.

This finding is important for housing officials who express concern at the prospect of landlords raising rents once tax credits expire at properties (they are usually required to keep rents low for a period of 15 or 30 years). In reality, the market itself will restrict excessive rent increases. Of greater concern is low rent growth that makes financing new or rehabilitated housing in North County impossible without tax credits—which are finite and insufficient in number to address the breadth of housing deterioration in the County.



Bentwood Townhomes, a mixed-income property, is among the newest apartment developments in North County. Though 57 of its units are "unrestricted" (meaning the landlord may charge rents as high as the market will bear), these rents ($690 per month) actually fall below the maximum amount allowed under the LIHTC program ($820 per month). In other words, market rents actually fall below the affordable rent threshold.

Oversupply—The Cost of Low-Value Housing

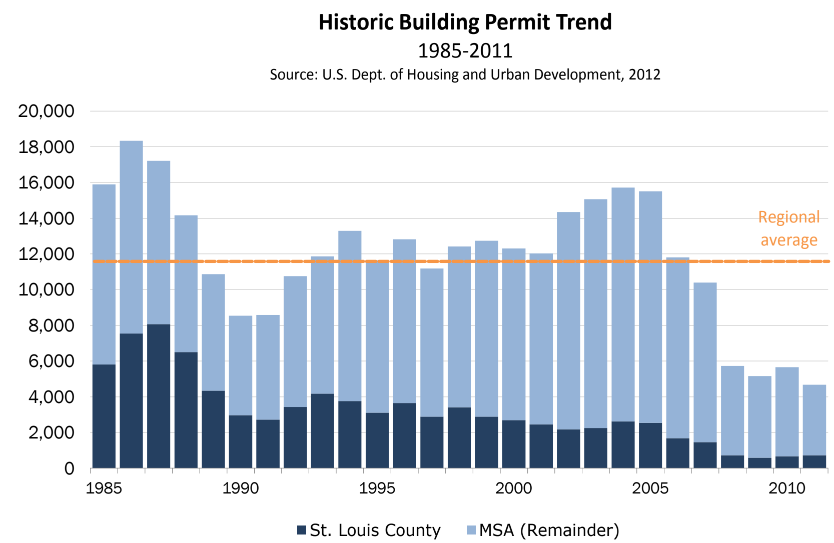
St. Louis County's share of new housing construction has declined dramatically during the past few decades, with the majority of new development now occurring at the suburban fringe, in places like St. Charles County. This new development is occurring despite relatively limited population growth, which places downward pressure on property values in many established communities.

New Supply

The St. Louis region averaged roughly 11,600 new home permits annually since 1985, although the collapse of the national for-sale housing market caused permits to decline dramatically during the past four years. During this time period, the proportion of new housing construction within St. Louis County decreased substantially from roughly 45 percent in the 1980s to less than 20 percent during the past decade, as much of St. Louis County has become built-out and most new development is now occurring in areas along the suburban edge in St. Charles, Jefferson, Franklin, Madison and St. Clair counties.

Lack of Demand

Population and household growth in the St. Louis area has not kept pace with new housing construction. From 1990 to 2010, U.S. Census data reports that the region gained roughly 7,200 new households annually. This figure fell well short of new construction for about the same time period. While some of this can be attributed to a need for replacement housing, it is clearly evident that some areas of the region grew at the expense of others. Regional shifts in population support this, as population in areas of North St. Louis City and North County declined dramatically over the past two decades, while population on the suburban fringe increased at rates far greater than the regional average.



The chart at top shows the number of building permits constructed within the St. Louis MSA over the past 26 years and St. Louis County's share, which has declined significantly during this time period. Middle: Typical single family residence in St. Charles. Bottom: Typical home in North County.

Foreclosures

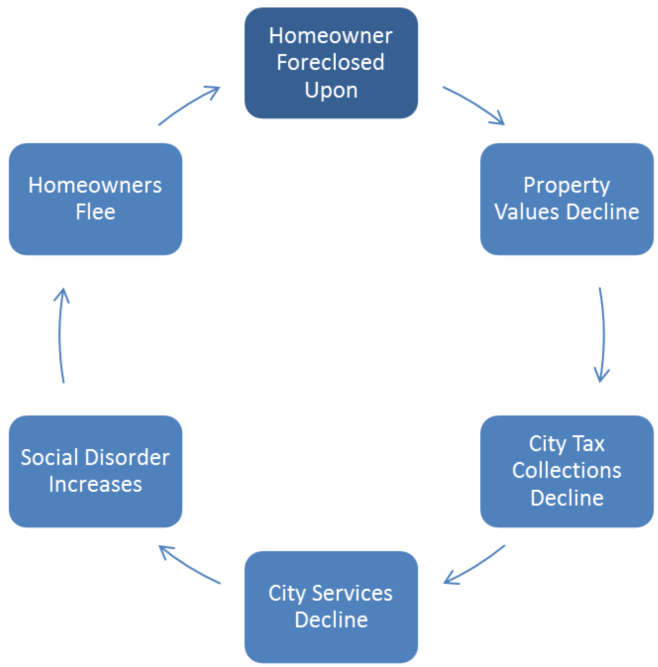
Concentrations of foreclosed homes can create a chain of events that can destabilize communities, because they lead to a decline in home values. This, in turn, results in fewer tax collections for cities and a decline in services. Communities would therefore benefit from efforts to minimize the onset of foreclosures.

The rate of home foreclosures in St. Louis County, mirroring trends across the nation, have increased significantly following the financial crisis of 2008, and in fact have been increasing steadily since 2005, according to County records. These foreclosures have had broad-reaching effects on communities, governments, families, and lending institutions. As this study demonstrates, foreclosures have spread to the suburban areas of St. Louis County and, while concentrations of foreclosures are greatest in North County, few areas have been immune. In areas where concentrations are greatest, a "vicious cycle" is created that can have a destabilizing effect on communities.

Effect of Foreclosures on Governments and Communities

Home foreclosures, if not limited in their scale, can lead to a chain reaction of events that make it difficult for communities and governments to function. Once a home is foreclosed upon, its resale value is greatly diminished—by an average of 27 percent, relative to comparable properties, according to one study.[7] Assuming assessed values drop accordingly, the tax base of communities is also reduced with every foreclosure. Further, foreclosures reduce values for neighborhood properties, further reducing tax collections.[8] In low and moderate income neighborhoods, the reduction in neighborhood values is greater (1.8 percent compared to 0.9 percent). So not only are foreclosures more easily avoided in communities with high and/or increasing property values, their negative impacts are felt more greatly in neighborhoods that are already struggling to maintain values.

The cost to communities with clusters of low values is therefore very great, because as property values decrease, city services often suffer, which can lead to social disorder, crime, and further deterioration of property values.[8] This can cause responsible homeowners to flee for other communities. Once this chain reaction of events has reached this point, it is difficult for most communities to improve their fortunes, so warding off foreclosures at the onset is in the best interest of local governments.



In addition to declines in property values and tax collections, foreclosures exact a human toll, resulting in a deterioration of the social fabric. Lending institutions also have a stake in the foreclosure crisis; it is therefore in the best interests of all to “stem the tide”.

Effect of Foreclosures on Households

Foreclosures have a negative impact on households and the family unit, creating a human cost that is often excluded from the equation of the foreclosure crisis.[9,10] Foreclosures and frequent moves:

- Reduce the rates of graduation among children
- Increase the likelihood of violent behavior in high school
- Negatively impact health
- Correlate with higher rates of homelessness, divorce, and addictions.

A number of costs might be quantified from these outcomes, including the opportunity cost of a less-educated workforce, as well as the need for more law enforcement and incarcerations, more healthcare, etc. From a societal perspective, there would appear to be much at stake if foreclosures continue at their current pace.

Effect of Foreclosures on Lending Institutions

The effect of foreclosures on lending institutions is also great, which indicates that there could exist a point of mutual point of collaboration between public and private interests to minimize future foreclosures. In fact, lenders bear the greatest financial cost, on average, when a home is foreclosed upon. In addition to taking a loss on the value of the loan, lenders incur costs for property maintenance, appraisals, legal fees, insurance, marketing, and clean-up. Incurring too many losses can lead to a decline in ratings and bankruptcy for many lenders, which can then translate into mass layoffs.

Conversely, credit counseling can cost a great deal less, as can loan modifications. While there may be no “easy fixes” to the foreclosure crisis, any effective remedies would almost certainly entail public-private partnerships.

The Cost of Foreclosure

Homeowner Costs	$7,200
Lost equity, moving expenses, etc.	
Community Costs	$1,508
Decrease in adjacent values	
Local Government	$19,227
Loss in taxes	
Lenders	$50,000
Loss on property, maintenance, appraisal, legal fees, insurance, marketing, clean-up	
Total Cost	$77,935

Sources: Joint Economic Committee of Congress, 2008; Standard and Poor's, 2008; Mortgage News Daily 2008

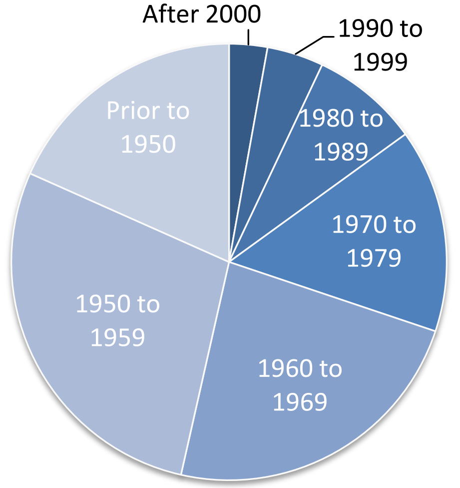
Building Conditions and Functional Obsolescence

Parts of St. Louis County, particularly areas and neighborhoods of North County that are located within the NSP target area, are aging and beginning to experience considerable amounts of physical depreciation. Additionally, a significant amount of housing that was constructed during the middle of the 20th Century is functionally obsolete. These characteristics are having a considerable negative impact on the area's property values and overall marketability.

Building Age: According to Esri data, the median year built in North County is 1962, compared to 1966 in St. Louis County as a whole. While building age is not necessarily an indicator of deteriorated conditions and owner property values, an older housing stock typically has more deferred maintenance issues, potentially higher utility costs, and other issues that reduce its appeal.

Era of Housing Stock: Though some older residential properties have a higher value due to their unique characteristics and limited ability to reproduce the same structure, other older residential of different eras are at a distinct disadvantage. In a study of the impact of age on housing values in Dallas, Texas, researchers found that there is a measurable discount in price for homes constructed between 1950 and 1999, while there is a price premium for homes built between 1931 and 1949.[11] The table to the right indicates that the vast majority of housing within North County was built during the era currently being discounted by the market.

Functional Obsolescence: A significant proportion of the existing housing stock in North County is functionally obsolete, which occurs when a property has more or less of a feature than what is found in new construction. In the case of North County, much of the housing is in a style that is no longer preferred in the market or has limited appeal.



Housing Units By Year Structure Built
North St Louis County: 2011
Source: American Community Survey, 2005-2009

Above: Examples of homes located in North County communities that are currently in poor condition and/or suffer from functional obsolescence.

At left: The U.S. Census' American Community Survey for 2005 to 2009 provides a breakdown of housing units by year structure built. Roughly 52 percent of all housing units in North County were constructed between 1950 and 1970, with only a moderate amount of housing built prior to 1950 and little to no housing built after 2000.

Concentrated Poverty, Crime, and Property Values

Recently, the Section 8 program has come under criticism for contributing to crime and declining property values, but research indicates that voucher holders tend to live in high crime areas because more stable communities will not accept them. This points to the need for a more even distribution of Section 8 vouchers throughout St. Louis County.

The correlation between crime and concentrated areas of poverty has been well-documented. The HUD Section 8 program—which was intended to deconcentrate poverty by shifting low-income households from housing projects by giving them a greater variety of housing choices—has recently come under fire by some for facilitating new concentrations of poverty in outlying areas. In fact, studies *have* shown correlations between Section 8 housing concentrations and crime. However, a new study has demonstrated that the reason for this relationship is likely that higher crime areas are more inclined to accommodate Section 8 households, while lower crime areas are less likely to accept Section 8 vouchers. In other words, high crime areas attract Section 8 households, not the other way around.[12]

A recent study produced by New York University evaluated the correlation between Section 8 housing and crime, looking at control variables such as the link between crime and public housing units, higher poverty, higher vacancy rates, and lower homeownership rates. The study then indicated that these control variables contributed more to crime than Section 8 vouchers. Instead, the study concluded that, "…it is not the presence of voucher holders *per se* that leads to an increase in crime rates, and that voucher holders may enter neighborhoods whose crime rates may be high or increasing." In other words, voucher holders have a constrained set of choices in where to live because many landlords and communities do not accept Section 8 vouchers.[12]

Those landlords that do accept Section 8 vouchers are often in areas where real estate values (and rents) are low, and this many times correlates with high crime areas as well. Further, affordable properties that are developed as part of the LIHTC program are required to accept Section 8 vouchers. So in the case of St. Louis County, most affordable, LIHTC housing is located in North County, which also has several communities and neighborhoods that have elevated crime levels and depressed real estate values. While the Housing Authority of St. Louis County has not provided the locations of Section 8 Voucher holders, anecdotal information indicates that they are likely to be concentrated in portions of North County.

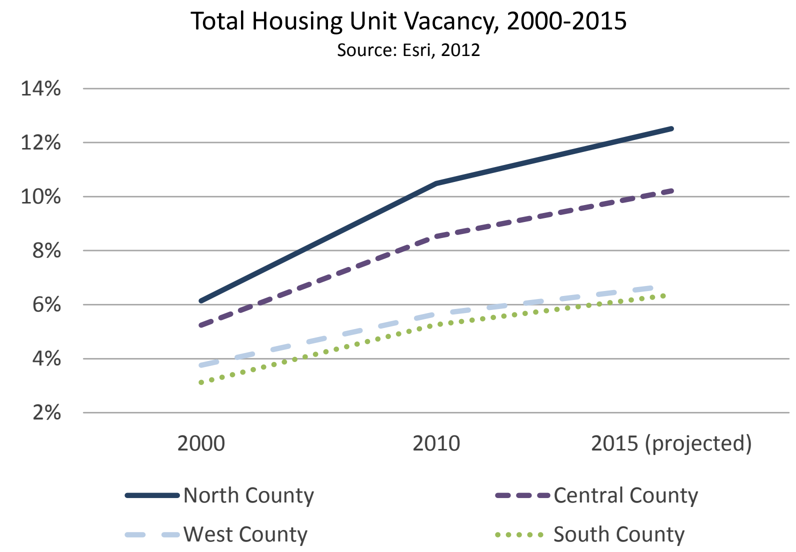
Considering that foreclosures are largely clustered in North County, and that *they* correlate with depressed property values and elevated crime, it is possible that Section 8 vouchers could become further concentrated in select neighborhoods. Based on research, policies that ensure that vouchers are accepted more widely throughout St. Louis County would not only promote the deconcentration of poverty, but also is unlikely to adversely affect healthy, vibrant communities.

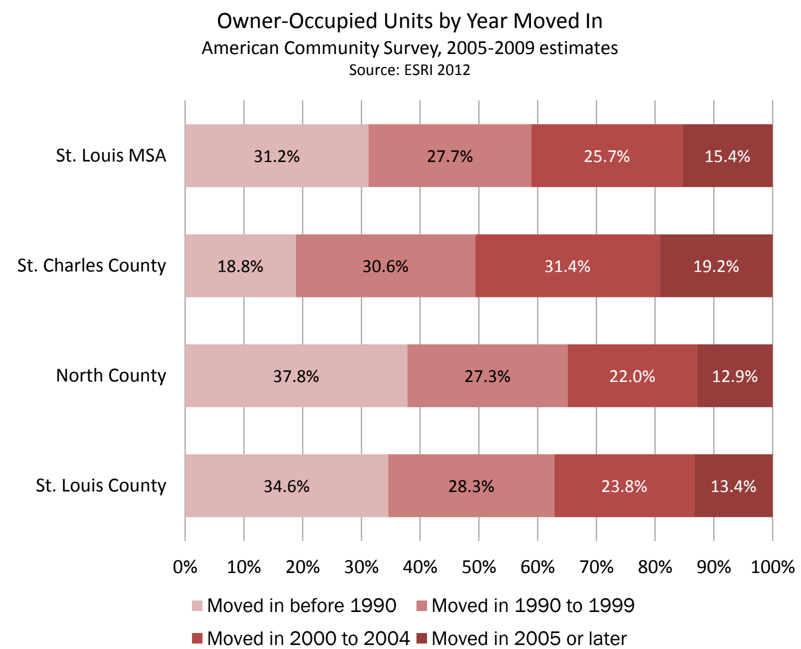
Declining Occupancy and Demand

The vacancy rate in North County has increased at a faster rate than the other sub-county regions and is expected to surpass 12 percent by 2015. This implies the need for replacement housing and/or a selective reduction in supply.

Housing Vacancy: Each sub-region in St. Louis County has been susceptible to increasing vacancy rates since 2000, which is expected due to the lack of population growth in the area. The vacancy rate in the St. Louis metro area is expected to increase to almost 13 percent, but most of that increase can be attributed to the projected 27 percent vacancy rate in the city of St. Louis. Not including the city of St. Louis, the vacancy rate is expected to rise to 11 percent by 2015.

Housing Tenure: In North County, over 65 percent of owner-occupied households have been in their homes since 2000 and compared to the rest of the region, North County has the lowest proportion of owner-occupied households that have moved in since 2005 at around 13 percent. St. Charles County, on the other hand, has over 19 percent of its owner-occupied households that have moved in since 2005. Compared to the metro region and St. Louis County as a whole, North County has the largest proportion of owner-occupied households that move in before 1990, at almost 38 percent. This shows a lack of mobility of current North County homeowners and the lack of desirability for households to purchase homes in North County.



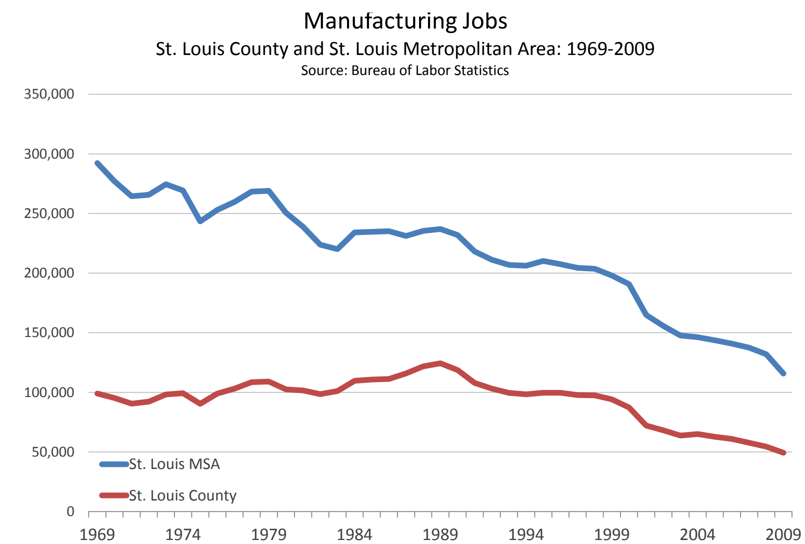


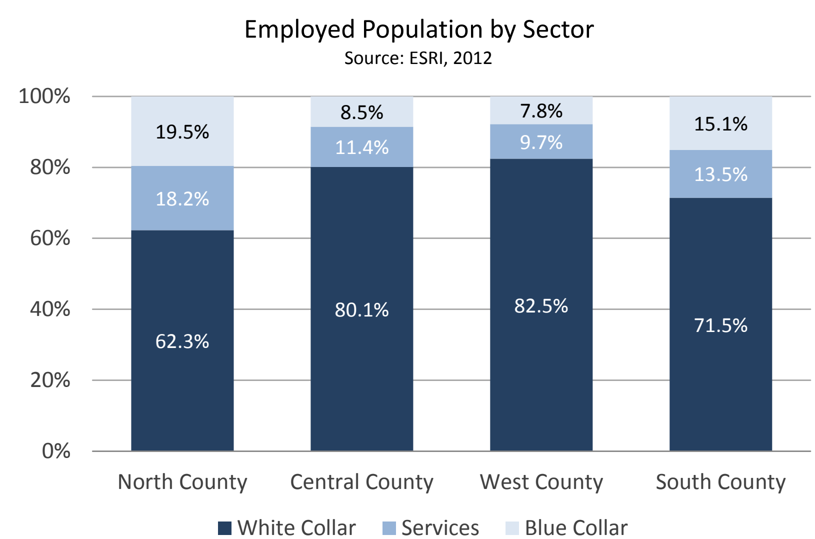
Decline in Manufacturing Jobs

Since 1990, St. Louis County has shed over half of its manufacturing jobs. North County remains disproportionately reliant on this sector, implying a need for growth in "blue collar jobs", economic diversification, or both.

St. Louis County and the region as a whole have seen the economic base shift from manufacturing to a more service-oriented economy. During this period of decline for manufacturing jobs, there has been a considerable increase in "white collar" professions in the fields of finance, information technology, health care administration, management, and insurance. Though the foundation of the national economy has also followed a similar trend, Midwestern "Rust Belt" cities such as St. Louis, Cleveland, and Cincinnati have taken a much harder hit since the 1960s and are faced with the challenges of diversifying their local economies, while still utilizing and revitalizing its existing manufacturing infrastructure and labor pool.

For North County, "blue collar" industries such as construction, manufacturing and transportation still form a large proportion of its existing labor force. Compared to the other sub-regions in St. Louis County, North County has the highest proportion of blue collar and service workers at 37 percent. As more of these blue collar jobs get shipped overseas or become obsolete with innovations in technology, the economic sustainability of North County is threatened without bringing targeted industries to the area or implementing large-scale workforce development initiatives.





Commercial Centers and Crime

North County has a limited number of identifiable commercial districts and downtown areas that could enhance the marketability and general perception of surrounding communities.

With the exception of Ferguson and Florissant, few North County communities have an identifiable neighborhood or community commercial district that is comprised of local small-scale retail and dining establishments. Because these kinds of districts influence the location decisions of households, they have the potential to greatly enhance or reduce a neighborhood/community's overall marketability. In this way, new amenity-driven commercial development can impact the residential market. Market analysis indicates that there is considerable excess demand for new full-service restaurants and drinking places in North County, which are the primary types of uses that would occupy these commercial districts.

The redevelopment of Plaza on the Boulevard confirms that retailers are interested in North County. If future projects can emphasize place, the marketability of surrounding communities will be enhanced.

Studies have shown that while personal crime can lead a decrease in property values and an increase in vacancy, property crime does not necessarily have the same adverse impacts on a neighborhood.

Personal (particularly violent personal) crime has been demonstrated to affect property values. The same is not necessarily true for property crime. For example, the Central West End neighborhood of St. Louis City typically experiences a high level of property crime, but generally has high property values.

- A Chicago crime case study found that a 10 percent decrease in crime rate tends to increase property values by two to four percent.[13]
- In a study of the effects of New York City's crime reduction in the 1990s, researchers found that one-third of the city's 18 percent increase in property values (roughly six percent) could be attributed to falling crime rates.[14]
- In the same study, the authors linked violent crimes to property values, yet could not conclude that property crime had any effect.
- Where violent crimes occur in residential households, a discount factor of 15 percent has been calculated by researchers to apply to a building's property value.[15]

While a number of variables affect property values (including schools, amenities, location, etc.) and no formula could ever precisely predict the impact of crime on properties in every community, there is obviously a correlation between crime and property values. Therefore, reduction in crime for many North County communities would translate into higher achievable rents and sale prices.

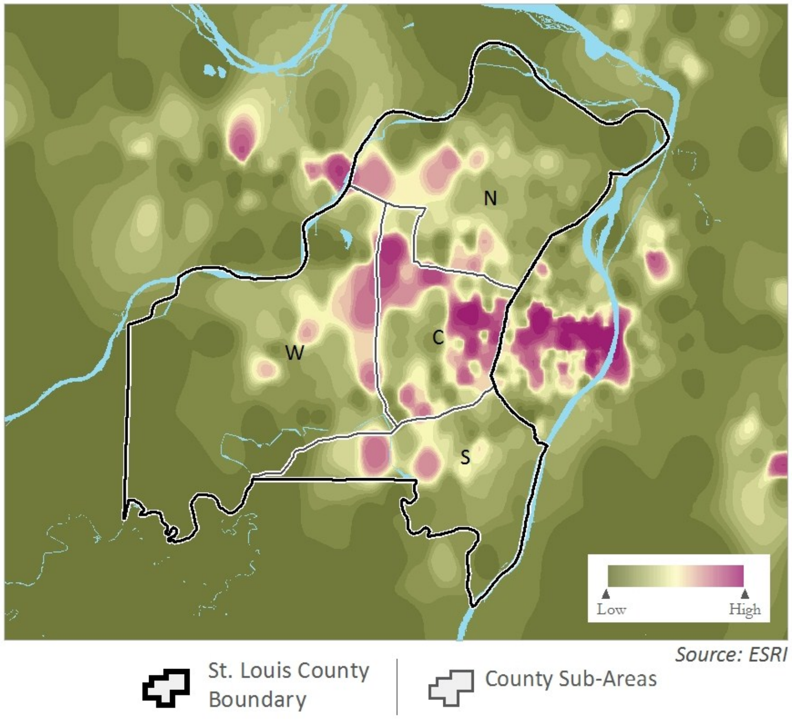
Mobility and Jobs

The majority of affordable housing within St. Louis County is concentrated primarily within North County communities, creating a spatial mismatch between jobs and housing and limiting the upward economic mobility of low-income residents.

Economic Mobility: While the long-term benefits of de-concentration remain inconclusive, researchers have identified various short-term benefits to de-concentration of poverty. Studies have shown that residents who voluntarily relocate to areas with lower levels of poverty tend to improve their chances for upward mobility in comparison with low-income residents that remain in areas with higher levels of poverty. This includes short-term improvements in employment status and education levels, as well as greater motivation, peer pressure, and positive role models.[16]

Locating employment centers close to where people live reduces traffic congestion, increases worker productivity, and helps households save on transportation costs.

Job Density (2010)



Source: ESRI

Jobs-Housing Mismatch: Certain areas of St. Louis County contain large concentrations of low-wage jobs, but have little or no low-income and moderate-income housing, which leads to a jobs-housing spatial mismatch. This leads to longer commutes for many households, which contributes to increased traffic congestion, reduces worker productivity, negatively impacts air quality, and harms overall quality life. The costs of these long commutes also puts an additional burden on low-income households that already have stretched budgets and creates additional strains for local transportation networks, particularly public transit operators.

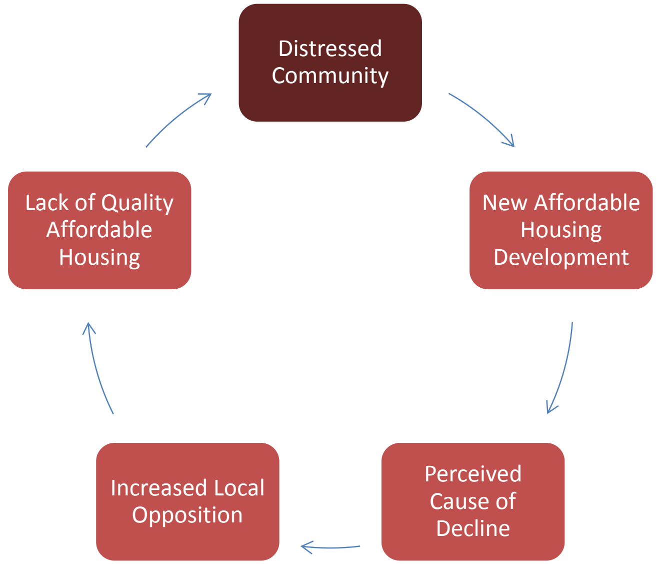
Brownfields, Assessments, and Fair Share

Affordable rental housing tends to be concentrated in areas that are already in decline, have fewer jobs, high crime rates, and/or depressed property values.

This phenomenon often leads to a perception that the presence of affordable housing caused or contributed to these problems, resulting in greater local opposition from communities that already contain a considerable amount of affordable housing, as well as communities that are not already providing their "fair share" of affordable housing. This adds another hurdle to adequate provision of new quality affordable housing and contributes to the problem of concentration within currently distressed communities.

Property assessments for affordable properties are typically much lower than market rate properties despite often being newer and/or of higher quality.

Lower property assessments lead to reduced property tax payments from affordable properties even though tenants generally require the same level of municipal services (e.g. schools, trash, fire and police protection) as other local residents living in market rate developments. While communities with a smaller share of affordable housing can support these lower tax payments with higher tax revenue from other sources (high-income households, major retail centers, office buildings), significant budget constraints are placed on communities with high concentrations of affordable housing, particularly those distressed communities that already have strained budgets.



Lemay, and to a lesser degree North County, have high concentrations of older industrial facilities that have a blighting impact on adjacent neighborhoods.

Because Lemay was a community that originally developed around its manufacturing and industrial base, it contains a number of large industrial facilities, some of which are active, while many others are now vacant or underutilized. Active or not, most of these older industrial facilities are incompatible with residential uses and have a significant blighting impact on nearby residential properties.

Costs, Cooperation, and Declining Properties

A number of additional issues need to be improved in order to deliver better housing to many communities in North County and Lemay, including: reducing the cost of developing affordable housing, unifying community efforts to deliver services and address problems, and intervention on declining market rate properties.

The High Cost of Affordable Housing

For a number of reasons, the cost of constructing affordable rental housing is much more expensive than the cost of building market rate units. Based on Development Strategies' experience appraising affordable housing projects, a per unit development cost of $200,000 to $250,000 per unit is common in St. Louis. Market rate units of similar quality might be constructed for $90,000 to $125,000 per unit, so affordable housing can be twice as expensive to build. If development costs could be brought down without compromising quality, more affordable units could be delivered to the market with each tax credit allocation (which sometimes totals more than $10 million). In this way, replacement housing could be delivered more effectively.

Renovation costs to preserve and improve affordable housing are still high, but are more in-line with market rate scenarios and are much less expensive per-unit, compared to building new.

Fragmented Governance and the 24:1 Initiative

The high number of cities in North County, coupled with a slow-growing tax base, exacerbate the problem of delivering quality city services. The Normandy School District, in particular, has 24 municipalities that total roughly 35,000 people, for an average of just under 1,500 people per community. With such small tax bases, it is difficult to achieve any efficiencies or economies of scale in delivering services such as police, fire, road and park maintenance, etc.

Further, having so many elected officials makes developing a consensus difficult when trying to develop an approach to, say, mitigating the foreclosure crisis. Beyond Housing has begun working on this problem with the "24:1 Initiative" which involves, among other things, consolidation of some services and an attempt to foster greater unity and collaboration among communities.

Retaining Responsible Property Owners

Households with the economic means to choose where they live also tend to have more interest and income to invest in their properties to maintain or increase their values. Investment in properties increases the attractiveness and desirability of a given neighborhood, thus increasing the overall value, which maintains or increases the tax base. Retention of these mobile "model citizens" in North County is a critical issue for its long-term sustainability and economic viability.

St. Louis is extremely affordable in comparison to the peer cities of Minneapolis and Denver. While affordability can be a strength, low appreciation creates a disincentive for owners to maintain their properties.

Chapter 4

DATA ANALYSIS

This section of the report analyzes data from two sources:

- St. Louis County Data: a collection of data on foreclosures, assessed values, housing vacancy, and crime.

- Rental Property Database: Development Strategies conducted a survey of affordable, tax credit housing in St. Louis County during the Spring of 2012.

Analysis of St. Louis County data focuses primarily on documenting the extent of the foreclosure crisis, whereas the rental property database provides insight into the state of affordable housing in the County.

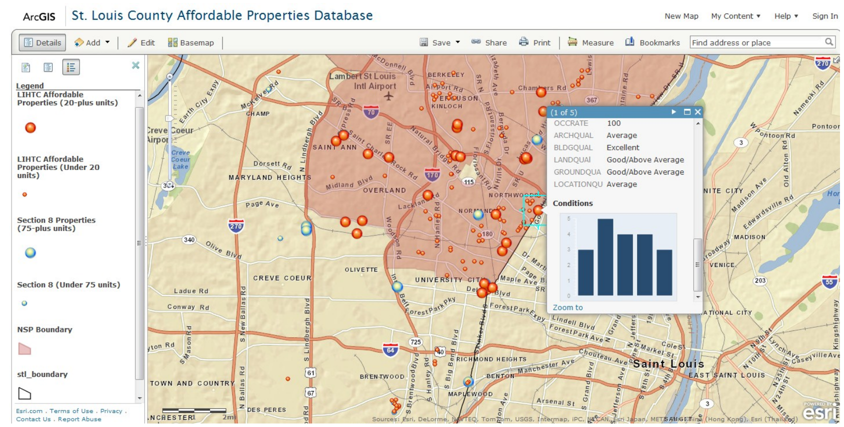
Overview of Property Database

A database containing all of the County's affordable rental properties was created by Development Strategies in February 2012. In connection to the database, DS also created an interactive site that allows County officials to access property information.

The purpose of the database is two-fold: (1) To identify and analyze apartment complexes in select areas of St. Louis County that were developed with time-limited affordable housing subsidies, and (2) To create a better understanding of the county's current affordable housing stock in order to develop relevant strategies. This section provides an overview of the property database and our general findings.

Overview: Development Strategies has created an affordable property database for St. Louis County that identifies all of the rental properties that were developed using time-limited affordable housing subsidies available through HUD or the LIHTC program. In addition to creating the database, DS surveyed all of the larger multi-family properties (50-plus units), compiling data regarding each property's size, unit types, tenancy, occupancy rates, rents, etc. DS also inspected the exterior of these properties to assess their quality and condition. Small and scattered-site homes were documented, but not evaluated for quality and condition.

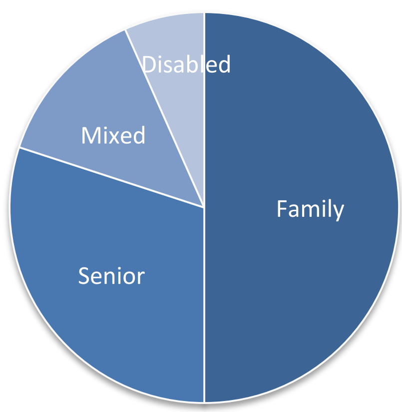
Data Totals: In sum, there are 208 affordable rental housing properties containing 8,098 units within St. Louis County. Of this, there are 108 scattered-site rental properties containing less than ten units, the majority of which are not professionally managed. While these scattered-site properties contribute to the affordable housing stock, roughly 85 percent of all units are located within 60 large properties containing more than 50 units. Up to 39 of these large properties were at least partially funded through the LIHTC program administered by MHDC, while 21 properties are subsidized through HUD's Section 8 housing program.



Above: Development Strategies created an interactive website with property data. Below: Affordable housing in North County

Affordable rental properties in St. Louis County are generally well-occupied, with an average occupancy rate of 94 percent. Though rental rates at properties vary considerably, the average rent for all LIHTC properties in St. Louis County is $625 per month, indicating that rents remain very affordable to low– and moderate-income households.

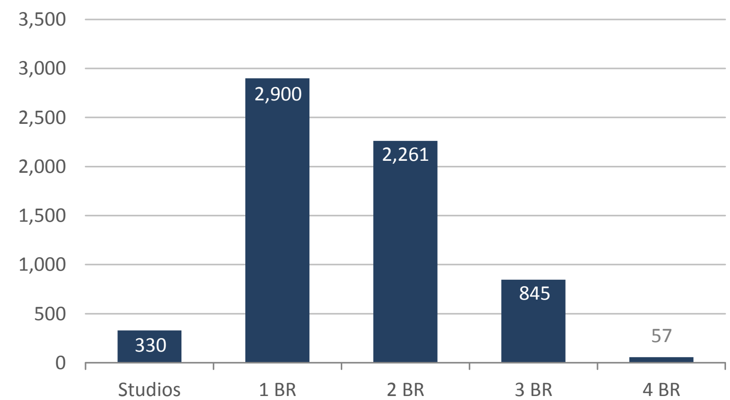
Roughly 71 percent of properties consist of garden-style or elevator-serviced apartment buildings, while the remaining properties are comprised of scattered-site single-family homes or townhomes. In addition, half of the properties are oriented to family households, while the remainder is divided between properties targeted to seniors, mixed populations, and disabled tenants.



Tenant Mix Distribution
Source: Development Strategies, 2012

While affordable rental properties within St. Louis County affordable properties provide a range of unit types, the majority is comprised of one-bedroom and two-bedroom units.

Breakdown by Unit Type
Source: Development Strategies, 2012



The vast majority of affordable unit types in St. Louis County are one-bedroom and two-bedroom units, which comprise 45 percent and 36 percent, respectively. Despite roughly half of the affordable properties being family-oriented, three-bedroom and four-bedroom unit types are in much shorter supply, with four-bedroom units only comprising one percent of the total housing stock. Studio units also account for five percent of all housing units.

The exterior of every large property (50+ units) has been inspected to assess their quality and condition. These properties have been rated based on condition, architecture, landscaping, grounds appearance, and location.

Property Ratings: Properties receiving a poor rating are in the worst condition and likely require significant, immediate attention, while those properties given an excellent rating have no observable deficiencies and are likely new properties that are well-constructed. While these ratings are subjective, they provide a generally reasonable benchmark for the overall quality and condition of the county's affordable housing.

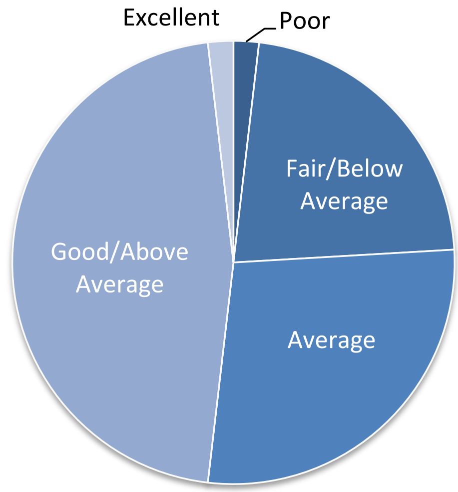
STL County Survey Ratings Explanation

Rating Categories:

- **Architecture:** Building style, era, scale, materials, roofs, etc.
- **Grounds Appearance:** Condition of site, including driveway, parking areas, lawns, sidewalks, retaining walls, exterior signage, and/or exterior amenities.
- **Landscaping:** Presence and appearance of outdoor plants, bushes, trees, and other landscaped areas.
- **Building Condition:** General exterior condition of buildings, which would include damaged or missing siding, peeling paint, damaged roofs, foundational issues, visible cracks, older windows, etc.
- **Location:** Considers locational characteristics such as adjacent land uses, transportation access, visibility, proximity to amenities, condition of surrounding neighborhood, etc.

Scoring:

Poor, Below Average to Fair, Average, Above Average to Good, Excellent



Building Conditions of Large Affordable Properties (50+ Units)
Source: Development Strategies, 2012

While most are in average to good condition, there are a number of properties that have declining conditions, a problem that will likely grow over the next five to ten years unless properly addressed.

Of the five rating categories, building conditions are the most telling. The exterior inspection of each property indicates that building conditions of large affordable properties in St. Louis County range from poor to excellent, with the majority of properties in average to good condition. However, there are some properties that are deteriorating and intervening on these properties before they decline further is an important step in preventing these properties from becoming blighted.

The survey of affordable housing revealed that eight properties are in below average or poor condition. These at-risk properties are likely to require intervention in the near future.

The biggest takeaways regarding conditions from the property inspections include the following points:

- Though the building conditions of affordable rental properties in St. Louis County vary considerably, the majority or properties are generally in average to good condition, a positive indicator that most area management companies are sufficiently maintaining their properties.
- There is only one property in the county that is in poor condition—Boaz Apartments—which was recently placed into foreclosure and is currently not in service. The poor condition of Boaz is symptomatic of the broader poor conditions and blight of Kinloch.
- There is also only one property in the County that is in excellent condition—Stratford Manor—a recently built senior community located in Pine Lawn.
- There are eight properties, or roughly 15 percent of the total, that are currently in fair to below average condition. Because the further deterioration of these properties would have a substantial negative impact on their operations, as well as their respective neighborhoods, they provide the best opportunities for addressing deferred maintenance—or, where warranted, providing replacement housing—before additional decline causes them to become derelict and blighted.

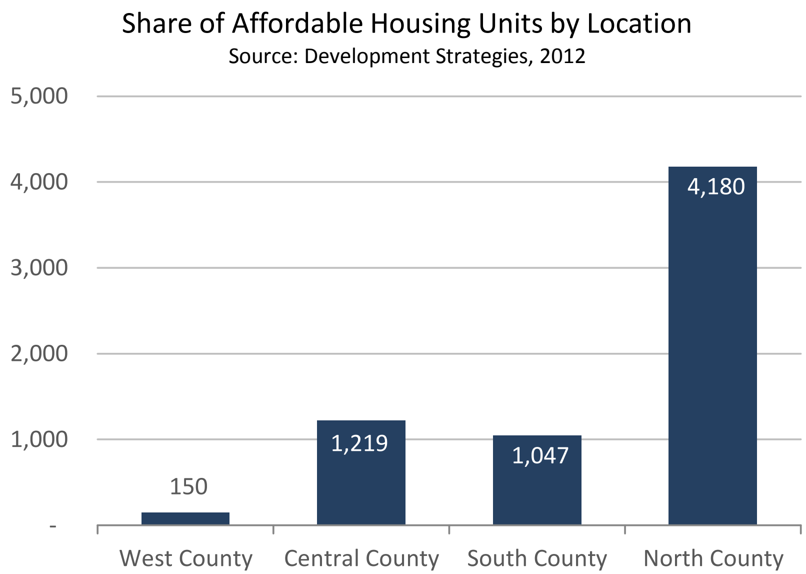
Boaz Apartments was recently foreclosed upon and is currently vacant. Though it is the only property in the survey rated poor, there are numerous other properties in St. Louis County that are in declining condition and could become similarly blighted.

Properties in Below Average Condition

Property	*Units*	*Occupancy*	*Address*	*City*
Shannon Fox	46	91%	8878 Shannon Fox	Jennings
Century Gardens	76	N/A	1600 Page Industrial	Unincoporated
Glen Trails East	28	N/A	1804 Chambers	Unincoporated
Hanley Crossings	208	79%	8806 Dragonwyk	Normandy
Marvin Gardens	46	94%	1 Marvin Gardens	Unincoporated
Oak Tree	140	94%	1823 Cedar Glen	Overland
Lackland Plaza	80	90%	8420 Plazarock	Unincoporated
Maplewood Loop	89	N/A	2286 Yale	Maplewood

Source: Development Strategies, 2012

The provision of affordable housing is not being equally shared county-wide and communities within North County are providing their "fair share."



The above table illustrates that most of the large affordable rental properties are located within North County, while Central County and South County contain smaller, but fairly reasonable, shares of the affordable housing stock. Of the 60 properties that contain more than 50 units, 34 are situated within zip codes that are identified as North County, while 13 are situated within zip codes designated Central County and 12 are located in zip codes of South County. On the other hand, West County has only one affordable property—a senior Section 8 community located in Ellisville.

While few property managers indicated that they have future plans for their properties, the few that did indicated plans to remain affordable after their 15-year period expires.

Because most property managers were unaware of their property's affordability time-frame, we only identified two properties that will end their 15-year affordability restrictions within the next two years—Heritage Dunbar and the first phase of Wellston Homes. One property manager indicated that they had no immediate plans, while the other planned to remain affordable. This is generally consistent with other properties in St. Louis County, as only a small portion commented on this question, but generally stated that they plan to maintain their property's affordability or reapply for continued LIHTC funding.

Management of the Laurel Park Apartments reported that they plan to reapply for continued LIHTC funding within the next few years

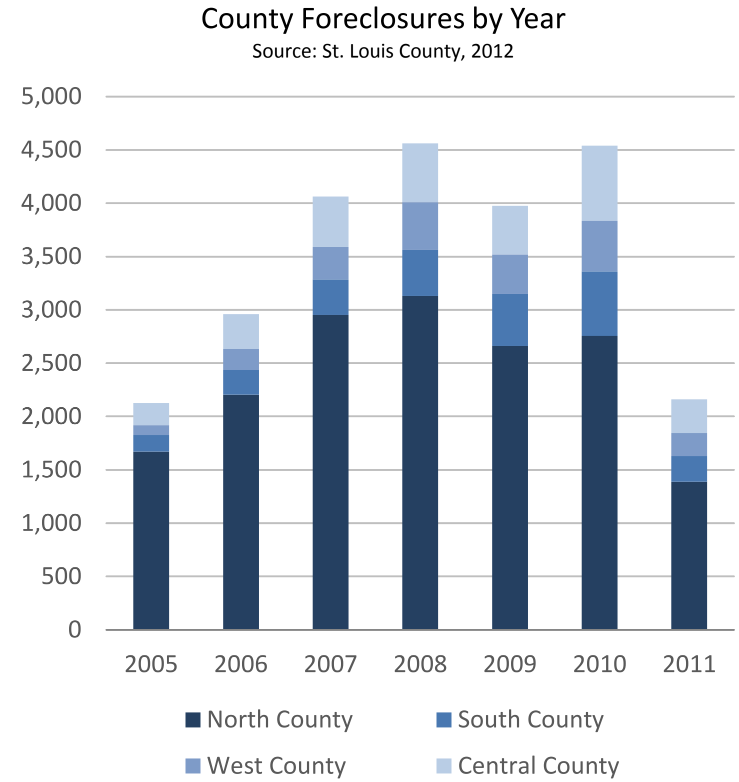
County and Rental Databases

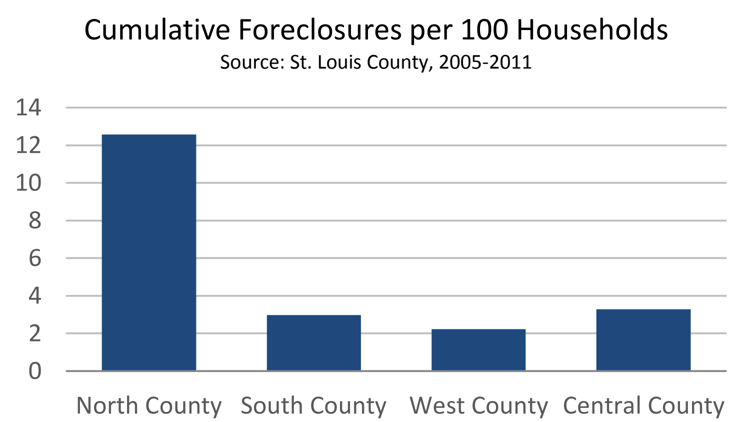
Over 24,000 foreclosures have occurred in the County since 2005, and the majority of these took place in North County. As a result, real estate values will be most negatively impacted here. More positively, foreclosures appear to be on the decline.

Data provided by the County reveal that, while no area has been immune from the foreclosure crisis, the brunt of foreclosures have occurred in North County (and, to a lesser degree, Lemay). From 2005 to 2011, there were over 24,000 foreclosures in St. Louis County, and nearly 17,000 of them were in North County.

While other regions of County experienced cumulative foreclosures for the time period of two to three per 100 households, North County experienced 13 foreclosures per 100 households. Therefore, the magnitude of the problem in North County is greater, and studies indicate that this greater cumulative effect will have a more substantial, negative impact on surrounding property values. More positively, foreclosures appear to be on the decline in the County.

Interestingly, foreclosure activity dropped markedly in 2011. This could be a sign that the market is stabilizing, but there is reason to not be overly optimistic. News reports indicate that many lenders held off on foreclosures in 2011 while awaiting settlement with the federal government regarding "robo-signing" practices from previous years. Now that a settlement has been reached, another round of foreclosures may come about in 2012 and 2013.





Cumulative St. Louis County Foreclosures (2005-2011)

Source: St. Louis County

County Database

Cumulative foreclosures in North County occurred at a rate of 13 per 100 households from 2005 to 2011—an order of magnitude greater than the rest of the County.

The maps above show cumulative concentrations of foreclosures, from 2005 to 2011. Even prior to the housing market collapse that began in 2007, North County experienced an above-average foreclosure rate. But the frequency increased from 2007 to 2010, and the cumulative effect has been a heavy concentration of homes in North County that have been placed into foreclosure.

Given the high rate of foreclosure in North County, it is unsurprising that this area also has the highest rates of vacancy and declining assessed values in the County. The recent decline in the foreclosure rate may lead to a stabilization of these other indicators of community health.

Vacancy

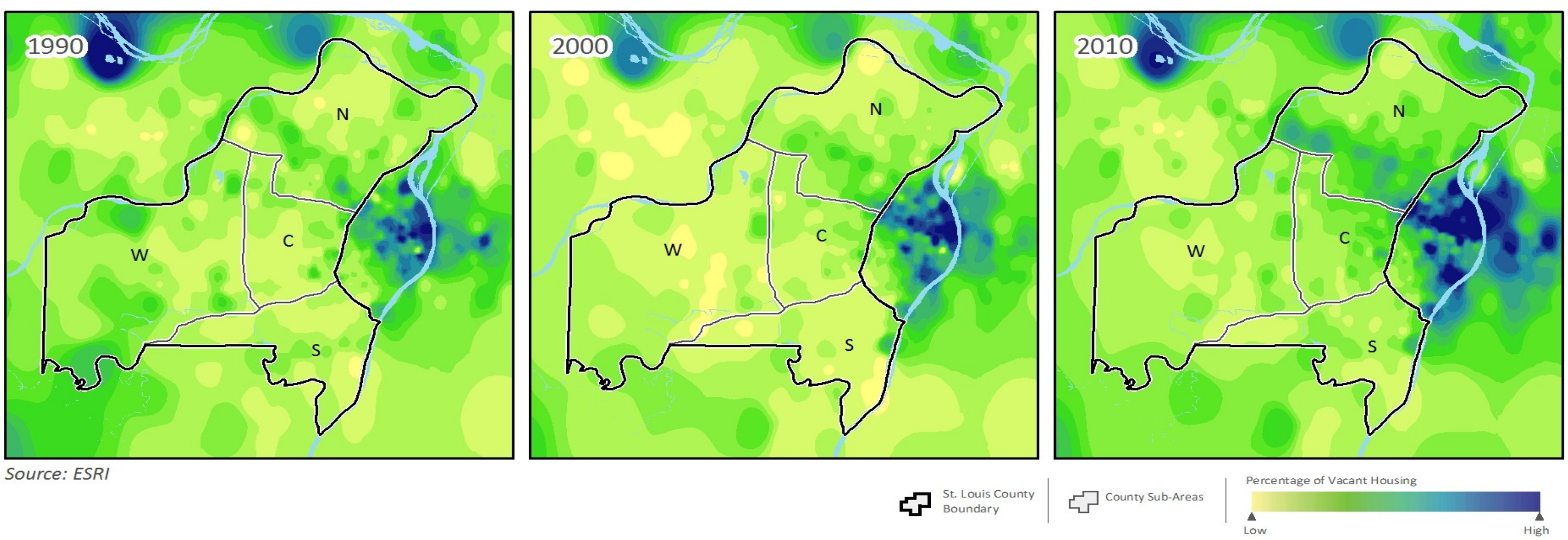
Among St. Louis County's four major areas, North County has the highest vacancy rate, and it has increased at the greatest rate. In 2010, the vacancy rate was 10.5 percent, compared to 7.9 percent overall for the County. This likely correlates with the high rate of foreclosure in North County. Of course, the rate of vacancy of North County is minor compared the figure for St. Louis City, which is 25.6 percent. This means that the extent of the problem is not as great as that of the City, so targeted intervention may be more effective in stemming decline.

Assessed Values

Assessed values, which are based on County appraised values, are a reflection of the market value of properties, as well as a taxing jurisdiction's ability to raise revenue. The maps on the following page display aggregated assessed values by census block group.

While assessed values declined significantly throughout the County from 2007 to 2011, they declined most intensely in North County. In fact, when broadening the time period evaluated to 2005 to 2011, most Central, West, and South County communities experienced increases in assessed values. This is because the gains made from 2005 to 2007 were sufficiently high, in these areas, to exceed the losses that were realized in subsequent years. However, the losses in North County were, in many cases, so great that they erased any gains made from 2005 to 2007.

Percentage of Vacant Housing

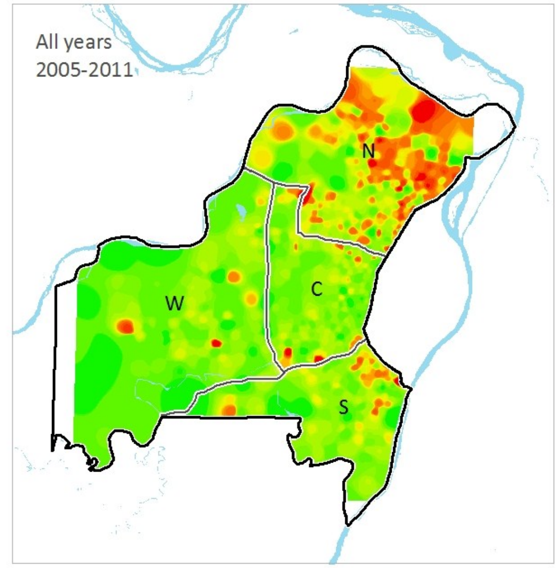


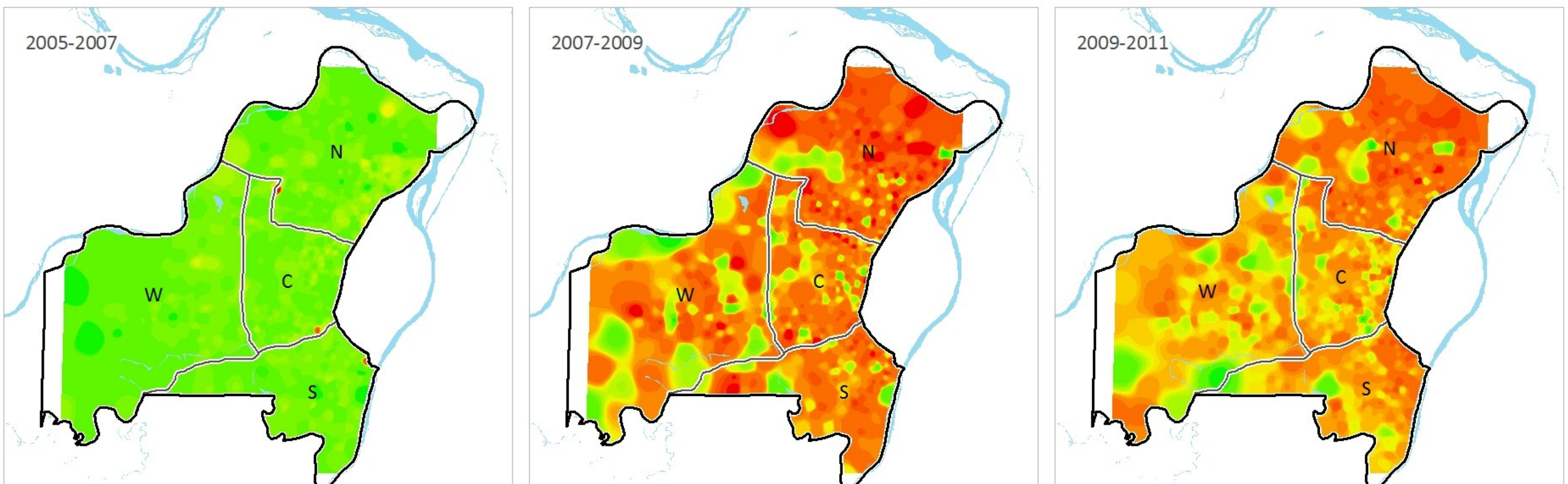
Source: ESRI

The intensity of losses in assessed values has lessened in most of the County, with the exception of large portions of North County and Lemay.

A closer look at the maps reveals that the intensity of losses in assessed values has lessened throughout most of the County (from 2009 to 2011), with the exception of North County and a few select areas. This explains why areas of North County register the greatest declines in assessed values from 2005 to 2011.

Because assessments occur every two years, trends in assessed values sometimes lag behind trends in actual sales. It may be that the recent decline in foreclosures in North County will result in more stabilized sale prices and assessed values in 2012 and 2013.



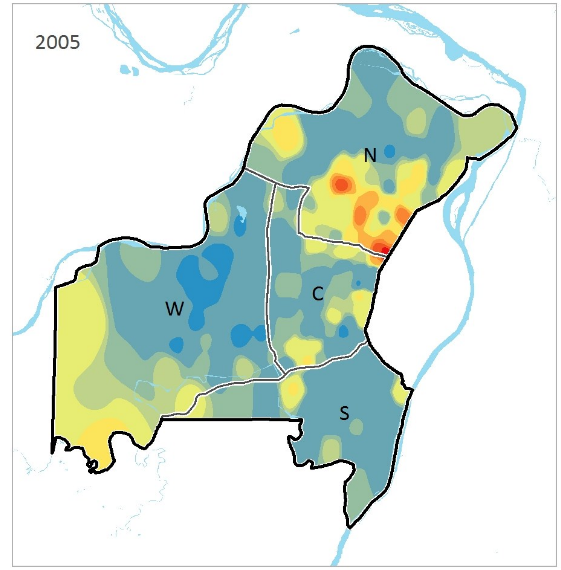


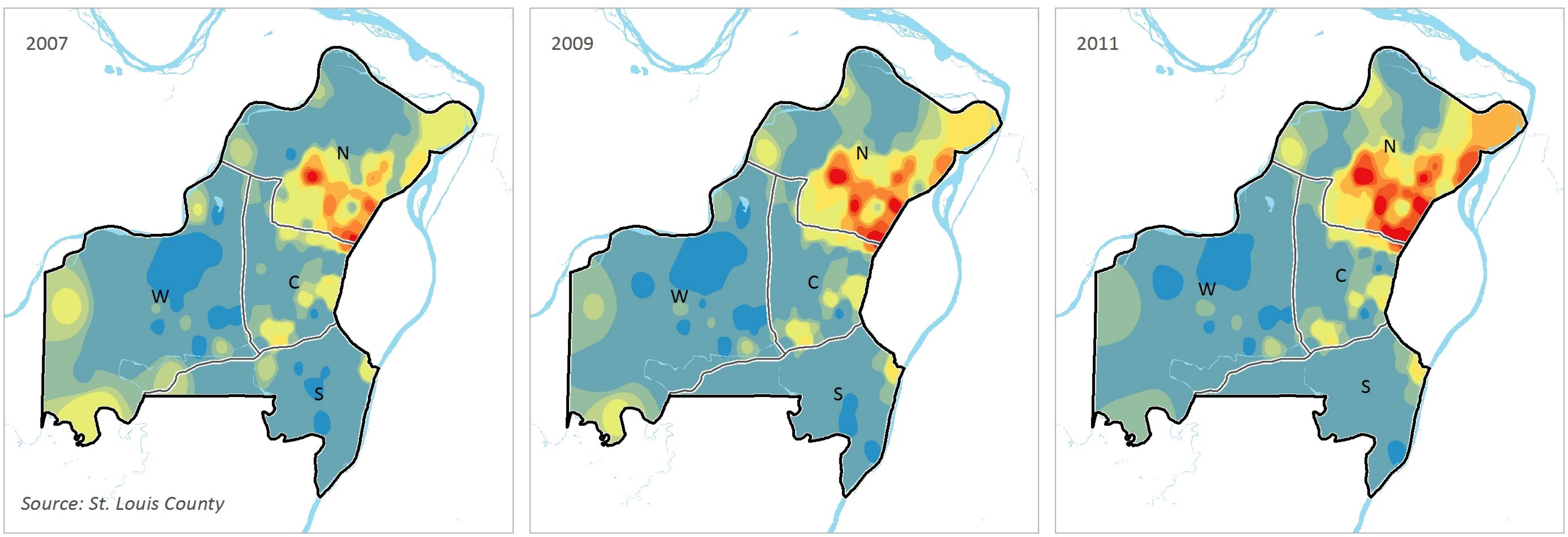
Source: St. Louis County

Percentage Change of Total Assessed Values (2005-2011)

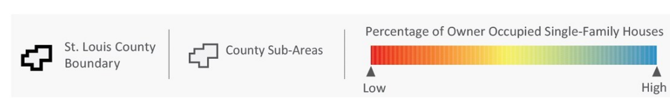
Homeownership rates of single family homes in North County declined significantly from 2005 to 2011, whereas they remained constant in other parts of St. Louis County.

Nationally, the rate of homeownership has declined. Yet as this map shows, this decline has happened disproportionately in select areas. In North County, the homeownership rate of single family housing declined from 86 percent to 78 percent between 2005 and 2011. Homeownership rates of single family homes in other parts of the County did not change significantly during that time period.





Percentage of Owner Occupied Single-Family Houses (2005-2011)



Relative to the rest of the County, North County has low incomes, though they are comparatively higher than the City of St. Louis. Income densities—a key indicator for retailers—are respectable in parts of North County.

Income

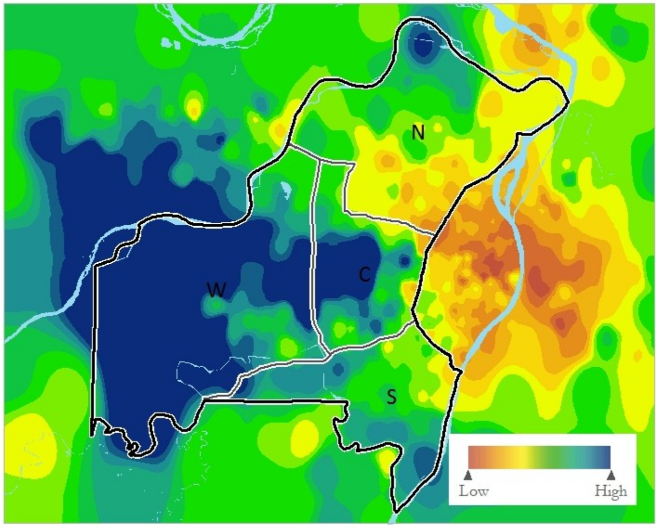
At roughly $45,000, the median household income of North County is the lowest of the major areas of St. Louis County, which has an overall median household income figure of $58,000. The median value of North County is, however, significantly higher than that of St. Louis City, which has a median figure of $28,000. This underscores that while much of North County is not affluent, it is also not populated by low-income households to the degree that many inner city communities are.

Still, the lower incomes of North County are somewhat problematic because household sizes are large, meaning many North County households have to stretch their dollars further due to a higher number of children. In fact, while North County median incomes are 56 percent higher than those of St. Louis City, per capita incomes are only 14 percent higher—a leading indicator that North County has a much higher percentage of families that have to share household incomes more broadly.

Income Density

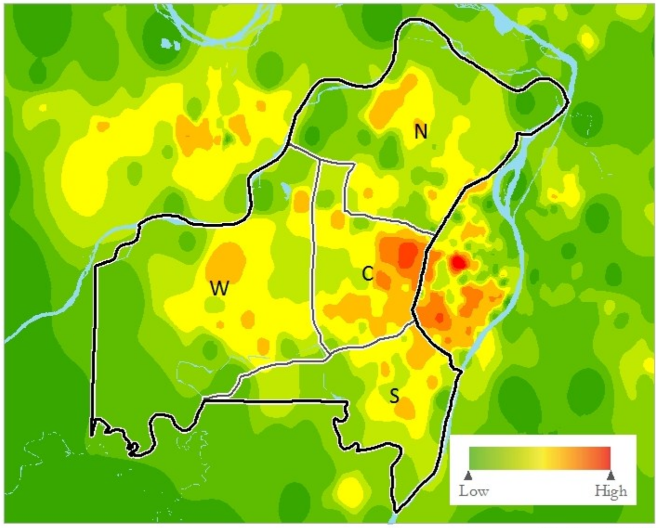
Income density is a measure of the aggregate income of an area, divided by its population. Interestingly, while North County has lower incomes, on average, than other areas of St. Louis County, its incomes densities compare favorably with West County and South County. This is because they have more people per square mile. As a result, North County should continue to have some appeal to retailers and other commercial service providers. These businesses, if leveraged properly in meaningful places such as main streets, town centers, and transit-oriented developments, could help the marketability of nearby residential neighborhoods.

Median Income (2010)



Source: ESRI

Income Density (2010)



Source: ESRI

St. Louis County Boundary | County Sub-Areas

While the population of St. Louis County is relatively stable, North County's population is in moderate decline. The poverty rate of North County is high by County standards, but is much lower than that of the City of St. Louis.

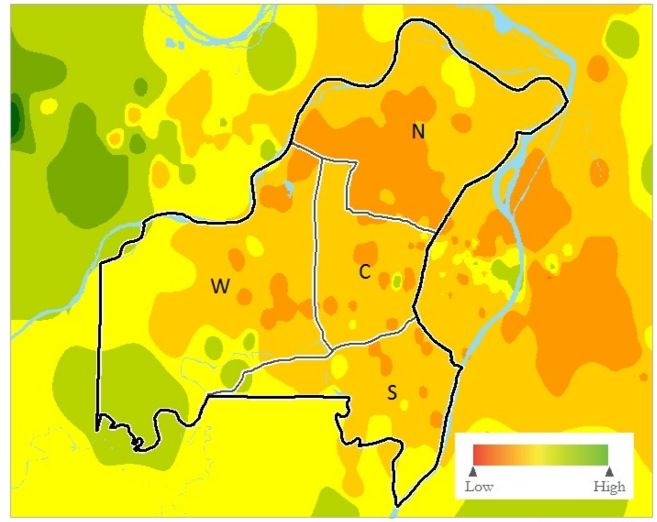
Population Growth

The population of St. Louis County, which is more-or-less fully built out, is relatively stable, having experienced a slight, two percent population loss during the last decade. Most of this loss occurred in North County, which lost six percent of its population. In fact, North County lost 21,000 residents from 2000 to 2010, whereas the net loss to the County was roughly 17,000 residents, since other areas grew during this time period. While a two-percent population loss can be explained by the trend of declining household size (i.e., an increasing number of single people and a decreasing birth rate leads to smaller households), a six percent loss can indicate outmigration, meaning some portion of the population is leaving, and new people are not coming in to take their place.

Poverty

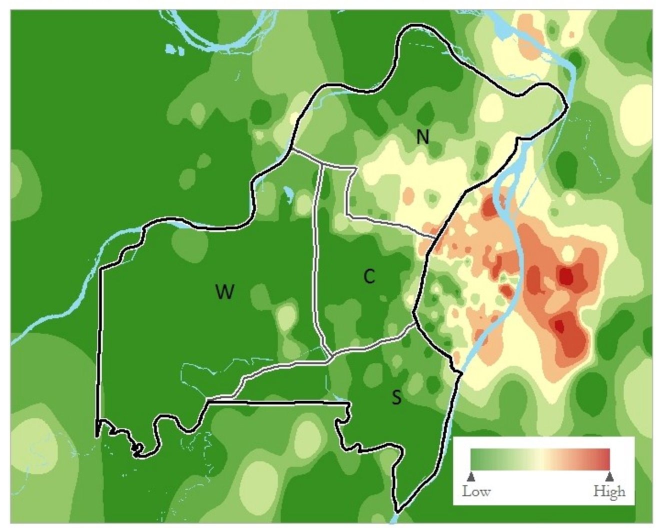
The federal poverty level is a broad metric used to gauge the number of people in poverty. For 2012, the poverty level for a family of three is $19,090. The map at right shows that the highest concentrations of poverty in St. Louis County are in North County, and that these concentrations are greatly exceeded by those in North St. Louis City. A large area of North County falls within the 18 to 27 percent range, as a percentage of total households in poverty. The problem is even greater in North St. Louis City, where 36 to 47 percent of households are in poverty, in many areas. These high rates imply a breakdown in the social fabric that requires a broad range of better opportunities (be they jobs, education, etc.) to improve the economic situation of many households.

Population Growth Rate (2000-2010)



Source: ESRI

Percentage of Below Poverty Households (2010)



Source: ESRI

St. Louis County Boundary | County Sub-Areas

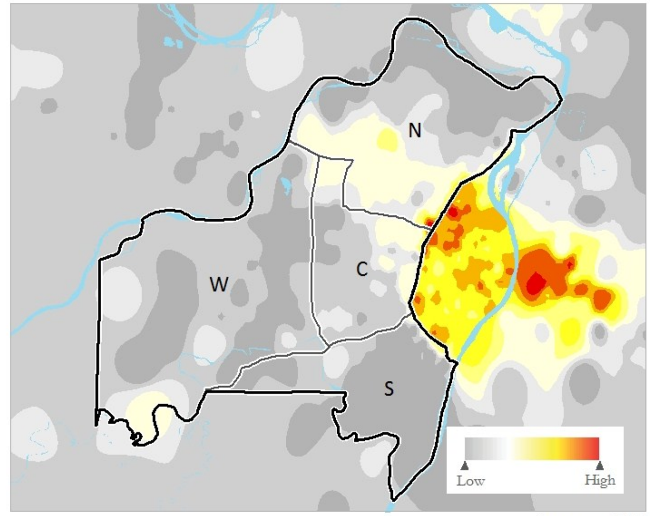
Crime in North County

Compared to the other sub-regions in St. Louis County, the personal crime index in certain parts of North County is elevated, but not high. Relative to most neighborhoods in St. Louis City, personal crime rates are comparatively low. North St. Louis County does have pockets of relatively high property crime compared to the rest of the County.

According to FBI crime index data provided by Esri, very few areas in St. Louis City are immune to high levels of property crime. Similar rates of property crime can be found in a few select areas in North County. Though property crime does not necessarily lead to decreases in property values and increases in vacancy, it can discourage prospective residents and can lead to higher rates of personal crime.

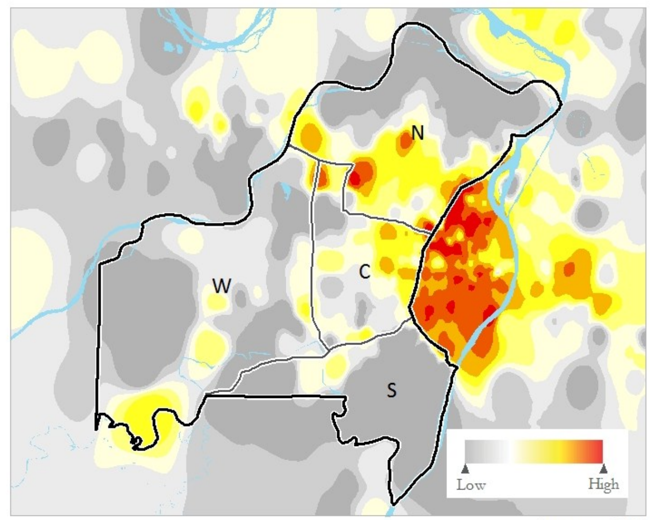
Personal crime in North County is higher than the other sub-regions of the county, but still lower than all areas of St. Louis City. While personal crime is not as serious an issue and should not be a deterrent to investment in the area, elevated levels of person crime can contribute to negative perceptions of the area and encourage current residents to live elsewhere. Local law enforcement and community involvement should be considered a critical component to maintaining the livability and viability of North County.

Personal CrimeRisk Index (2010)



Source: ESRI

Property CrimeRisk Index (2010)



Source: ESRI

St. Louis County Boundary | County Sub-Areas

By combining foreclosure data with demographic data that indicate a community's economic well-being, an objective framework can be created to prioritize housing and economic development investments.

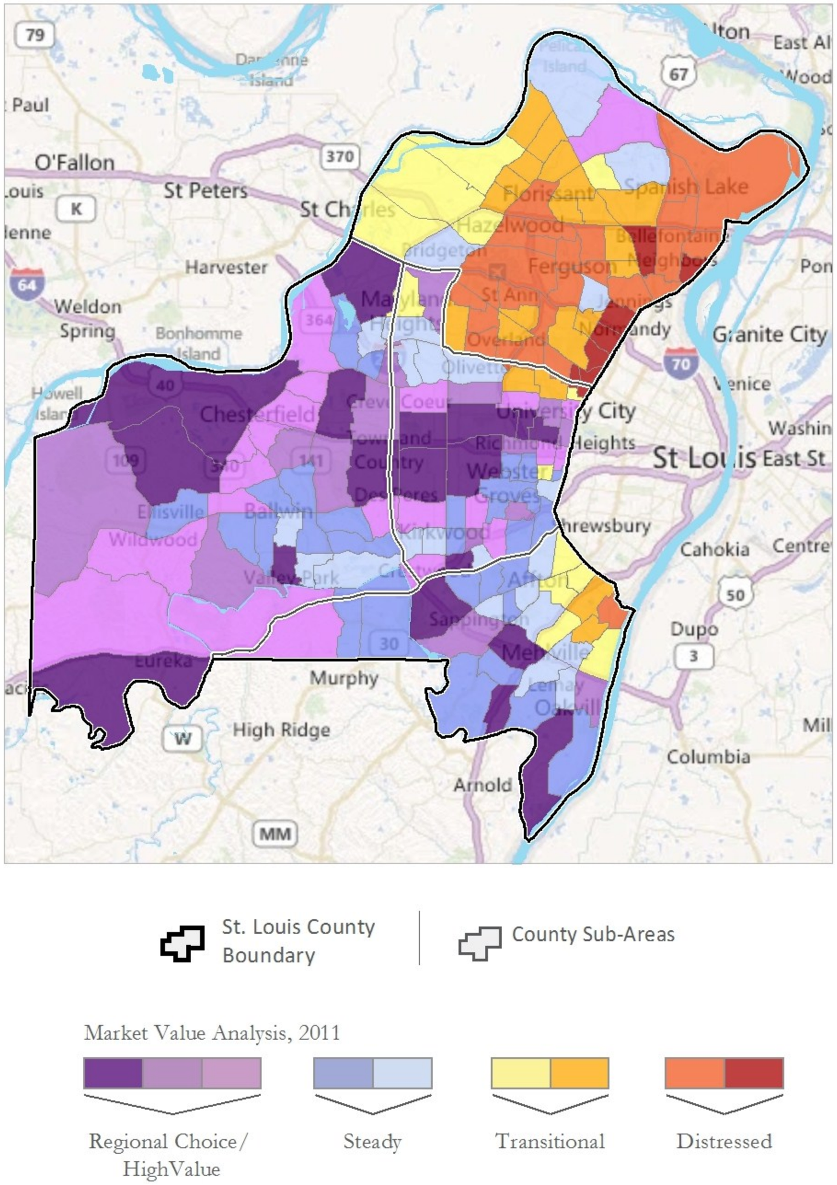
By combining foreclosure data with demographic data that indicate a community's economic well-being, an objective framework can be created to prioritize housing and economic development investments. Using parcel-specific foreclosure data provided by the County, clusters of foreclosed homes can be identified. These can be plotted over census block or tract-level data that displays vacancy rates, median sale prices, and other metrics. Based on various demographic indicators, neighborhoods could be categorized to determine what, if any, interventions are most appropriate.

The Reinvestment Fund is an organization that created such a system, which it calls Market Value Analysis, or MVA. Using housing and demographic data, it classifies communities as Regional Choice/High Value, Steady, Transitional, or Distressed.

As part of this project, Development Strategies created an interactive, online search tool using some of these metrics. Policymakers can navigate the site and identify clusters of foreclosed homes in the County, and learn the underlying housing market conditions that affect the communities in which these clusters are located. With a framework in place, targeted interventions and investments can be made.

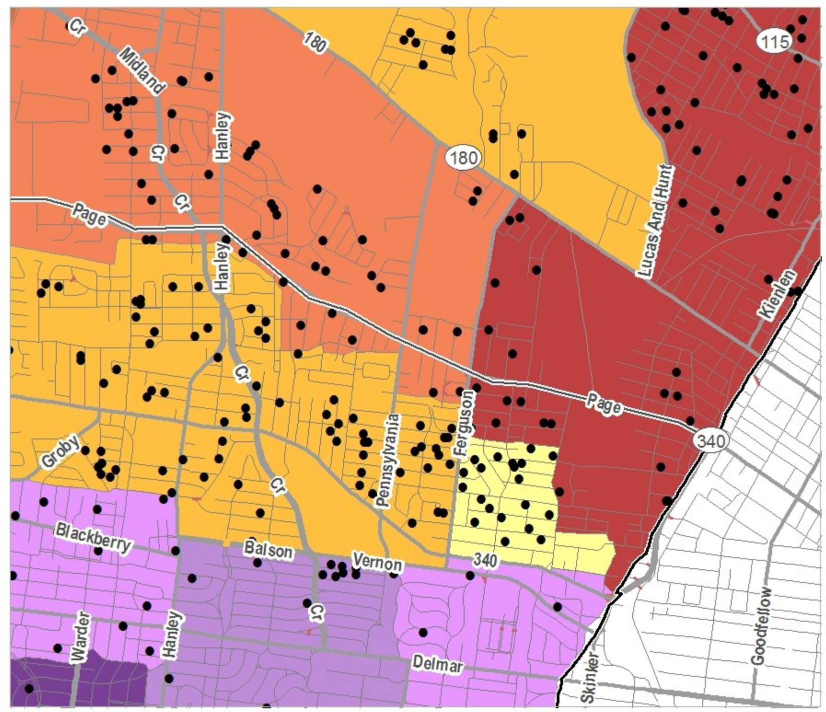
Market Value Analysis 2010-2011		Median Sales Price 2010	Percent Vacant Units 2011	Foreclosures As Percentage of Sales 2010/2011
Regional Choice/ HighValue	Average	$ 769,673	5.8	9.9
	Average	$ 409,204	6.9	12.8
	Average	$ 289,767	5.9	10.5
Steady	Average	$ 217,360	5.3	9.8
	Average	$ 150,477	6.9	14.7
Transitional	Average	$ 110,958	7.7	16.4
	Average	$ 85,717	7.4	23.1
Distressed	Average	$ 64,312	10.2	24.9
	Average	$ 38,444	14.9	24.1

St. Louis County Market Value Analysis, 2010-11



Using demographic and housing variables, communities can be characterized as High Value, Stable, Transitional, or Distressed. Depending on the type of community, different interventions might be applied to address clusters of foreclosed homes.

St. Louis County MVA With Foreclosures



Sources: ESRI, St. Louis County, Development Strategies, The Reinvestment Fund

Chapter 5

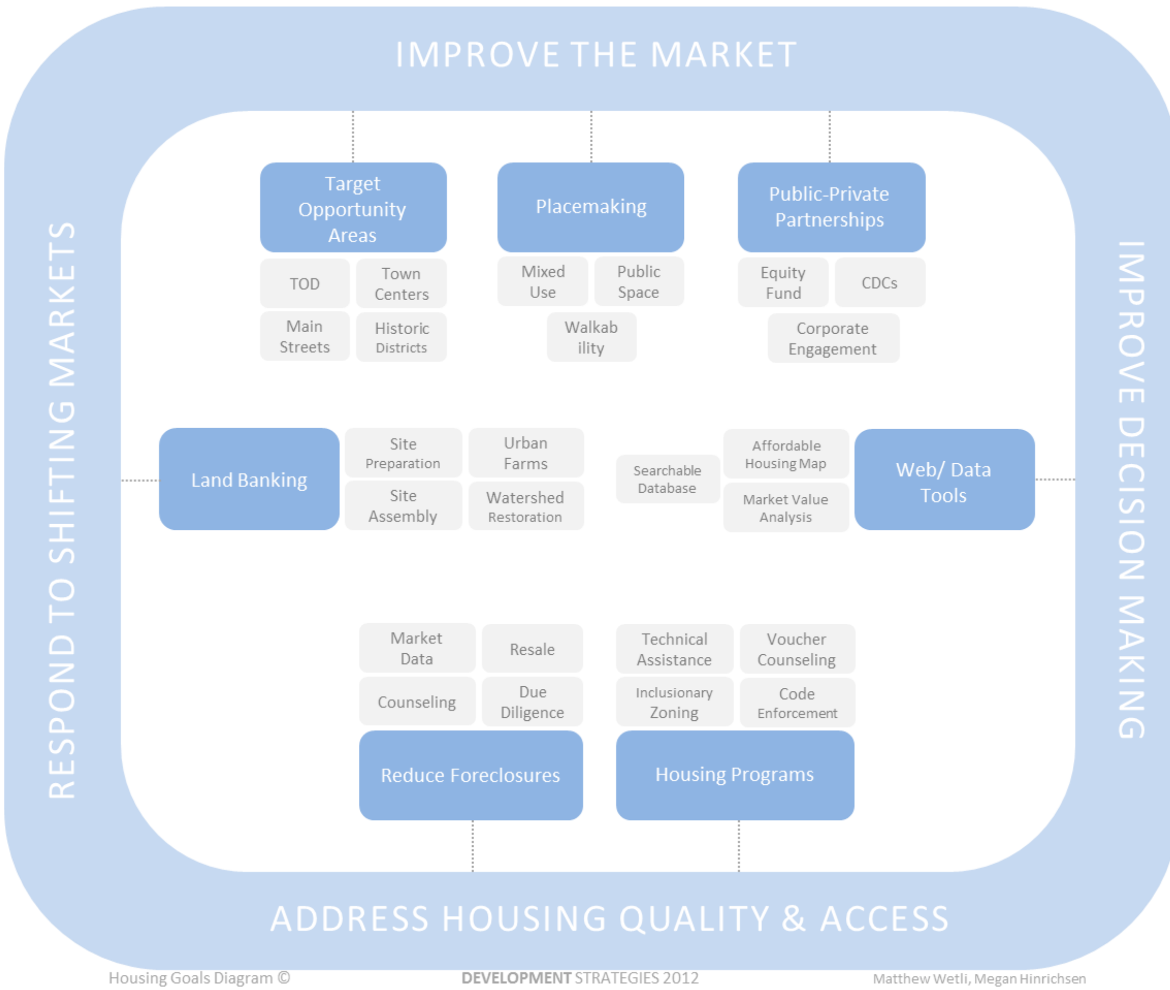
POLICY TOOLS

This chapter highlights many tools (using best practice case studies from across the nation) that could be utilized to maintain or improve the quality of affordable housing, as well as lessen the harmful effects—and perhaps the scale—of home foreclosures. Policymakers must be judicious in their use of these tools—no one tool will apply to every community, home, or household, while a combination of tools may be appropriate in other instances. Some tools are simple to use; many others will require significant public buy-in because they represent a transformation in current policies for many communities.

Housing Goals and Tools

To address the broad and interconnected challenges to delivering and maintaining quality affordable housing in St. Louis County, a comprehensive approach and menu of tools are needed that can be applied to specific circumstances.

St. Louis County Housing Goals and Tools©



Improve the Market: Opportunity Sites

Incorporating smart growth strategies into the development of affordable housing can add tangible value to new developments and create better outcomes for local residents. These strategies include building upon community assets by focusing limited resources on targeted areas, particularly transit-oriented development, redevelopment of brownfields and grayfields, and near town centers and main street areas.

Town Center and Main Street District Development

This report identifies North County's lack of distinct commercial districts and town centers as a significant hindrance to the marketability of neighborhoods in North County. Because housing can be an important component to a center's vitality, the development of new housing within areas targeted for town centers can play a synergistic role in stimulating private investment in adjacent retail districts.

Both the County and area municipalities have a number of tools available to them to encourage new housing in particular target areas. Some of these tools include:

- GIS and market analysis that identify target areas or locations within North County that have the greatest opportunity for creating these centers. GIS can also be used to display districts, community assets, and planned public investments, which helps focus public and private investment efforts.
- Public planning and spending on infrastructure and other growth-related activities can be redirected to targeted Main Streets areas through programs such as Missouri's DREAM Initiative.
- Partnerships can be identified, created, and fostered with local developers, nonprofits, municipalities, and community development entities such as Beyond Housing.
- Various subsidies and incentives (e.g. HOME, CID, TDD, CDBG, New Market Tax Credits, TIF, and/or tax abatement) can be made available to new affordable housing projects located in these targets areas. Combining these types of incentives with LIHTC can increase the feasibility of certain projects.
- Zoning modifications or overlays in these target areas can be established to allow greater flexibility in uses, higher densities, and lower parking requirements.

Improve the Market: TOD

Transit-Oriented Development: More than simply transit-adjacent development, TOD features compact forms of housing, a mix of uses, and an inviting pedestrian realm. Distance to the station is key, as studies show most will not walk beyond a quarter-mile to transit. But for those who do live within that radius, a premium is paid in the form of higher rent or sale prices. This leads to denser forms of development—higher-intensity development that would greatly exceed the values of current uses.

Incentives could be better utilized to create transit-oriented development in North County.

Given the importance of transit to low-income households, many area stations present considerable opportunities for new affordable and mixed-income housing development and would be a substantial amenity to low-income households. The following tools are available to encourage TOD.

- Subsidies and incentives (e.g. HOME, CDBG, New Market Tax Credits, TIF, and/or property tax exemptions) can be made available for new high-density and medium-density affordable rental housing located within 0.25-mile from transit stations.
- Creating flexible TOD zoning standards that allow for new higher-density mixed-use development and a significant reduction in parking requirements ensures that land adjacent to stations is used appropriately.
- Instituting zoning requirements that all new TOD contains a portion of affordable housing units helps ensure that low-income housing has sufficient access to public transit.
- Assistance can be provided for land acquisition and assemblage, station area planning, and infrastructure improvements that improve residential access to area stations.

Hennepin County (Minnesota) TOD Program[17]

- The Hennepin County Housing and Redevelopment Authority created a revolving loan fund for the support of public and private multi-jurisdictional TOD projects.
- Projects are primarily funded in the form of short-term low-interest loans provided through the revolving loan program, but grants are also available.
- Eligible applicants include local municipalities, development authorities, and private entities such as profit or non-profit developers.
- Funding priority is given to County-identified corridors or targeted Transit Improvement Areas.
- Eligible uses of funds include site acquisition, site preparation, and area infrastructure improvements.

Improve the Market: Redevelopment

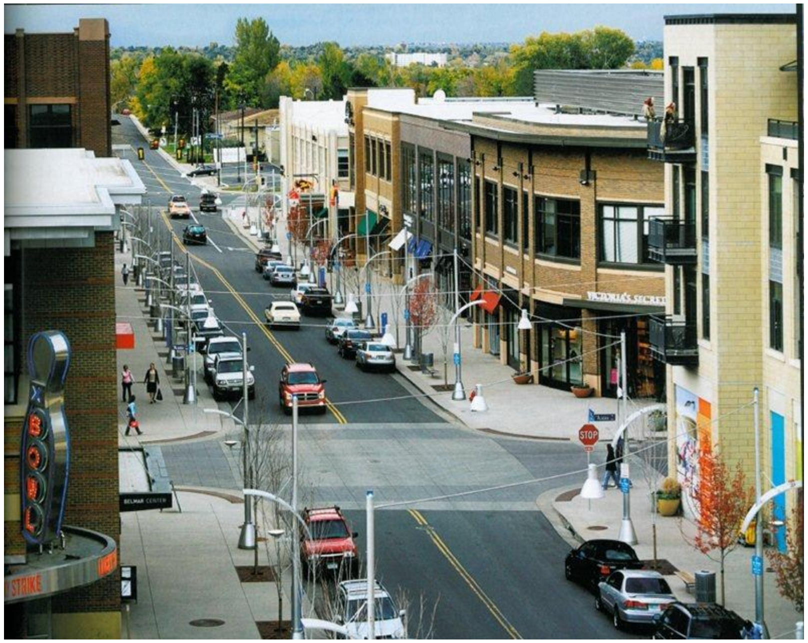
Bringing remediated brownfields back into productive use as housing and new commercial uses serves the public good on several fronts: it removes blight, increases tax revenues, eliminates health and safety hazards, and improves the marketability of adjacent communities. Therefore, the redevelopment of brownfields and grayfield can be an important catalyst for redeveloping aging areas.

Brownfield redevelopment is promoted through a variety of planning, technical, and incentive-based programs.

County economic development agencies are already currently engaged in promoting remediation through its Brownfield Cleanup Revolving Loan Fund, which may be used for environmental cleanup to provide gap financing in redevelopment projects or in pre-development activities such as site assembly preparation and infrastructure needs. The state of Missouri also provides a brownfield remediation tax credit to eligible investors. However, other tools and strategies are available to promote brownfield redevelopment.

- Creating an inventory and database identifying all potential brownfield sites and marketing those with the greatest potential for reuse.
- Providing subsidies such as TIF, tax abatement, grants, or other low-interest loans.
- Supporting local nonprofits, developers, and other community development entities by assisting in securing federal or state grants that are available to conduct contamination assessments and/or clean up.
- Creating partnerships with local nonprofits and community development organizations and provide technical assistance funding for initial planning stages.

The redevelopment of North County's existing grayfields with higher density residential and mixed commercial would greatly enhance the desirability of surrounding areas.



One of the most successful grayfield redevelopments in the country, Belmar is a mixed-use redevelopment of the failed Villa Italia Mall in Lakewood, Colorado.

Improve the Market: Partnerships

By leveraging the resources of large and mid-sized companies in North County and Lemay, new investment can be brought about in targeted areas.

With limited resources, governments cannot address the vast extent of the foreclosure crisis or affordable housing alone. At the same time, a number of large corporations (such as Boeing, Express Scripts, and Emerson Electric) and mid-sized companies that have a long-term stake in North County and Lemay. Private companies could invest equity in one or more CDCs to create the capacity needed to effect meaningful positive change.

Equity could be provided at below-market rates, and low-interest loans could also be provided to make projects viable that otherwise would not occur. Equity could also be leveraged as matching funds to attract grants or to secure loans for individual projects. It can also be used for land banking.

3CDC, Cincinnati

- Formed in July 2003, 3CDC is a non-profit funded mostly through corporate contributions, including several Fortune 500 companies in Cincinnati. 3CDC also works closely with the City of Cincinnati.
- In addition to corporate donations, 3CDC applies for and manages tax credits granted by the state and federal governments.
- 3CDC provides low-interest loans and equity to projects in a very targeted area that includes downtown and the Over the Rhine neighborhood.
- Since 2003, 3CDC's investments have catalyzed $162 million in development in the Over the Rhine neighborhood, greatly transforming the neighborhood's long-term prospects.

In the St. Louis region, the St. Louis Equity Fund is a prominent non-profit entity. Other organizations, such as Cincinnati's 3CDC, focus their funds in a much more targeted area, yielding a greater impact on a few select communities. Such an approach might work in North County and Lemay, if sites are selected for investment that have the greatest potential to become self-sustaining communities.

3CDC's investments in the Over the Rhine neighborhood of Cincinnati have transformed the neighborhood, leading to new and improved housing and commercial development.

Improve the Market: Key Partners

Community development corporations are key partners in stabilizing communities. In North County, more CDCs with greater capacity are needed to address the scale of housing problems.

In many parts of the country, large, out-of-state investors are buying up large portfolios of single family housing with the intent of renting out the units. Investor ownership is not inherently bad—whether they act as responsible landlords is largely a function of their business model. However, research indicates that property owners who are local and live in or near their properties tend to maintain them better.[18,19] More community development corporations, such as Beyond Housing, which have a mission-driven stake in their community and a track record of success, need to be fostered so they have adequate capacity to partner with St. Louis County in helping to stabilize North County communities, as well as Lemay.

RHCDA provided a significant amount of technical expertise in partnering with Old North St. Louis Restoration Group to revitalize Crown Square.

Beyond Housing has taken a holistic approach to North County. It's 24:1 initiative has resulted in community buy-in on a number of issues, including housing.

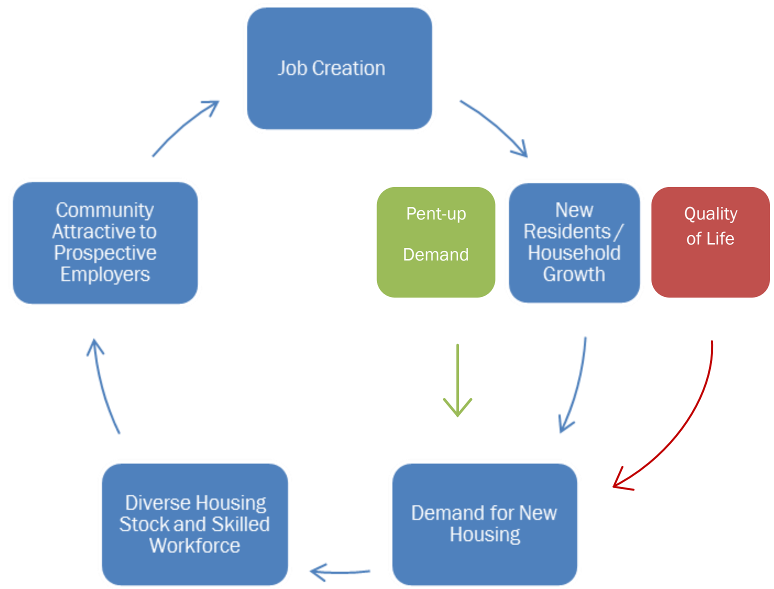
Improve the Market: Economic Development, Quality of Life and Placemaking

Economic development and job creation are the most significant drivers of new housing demand because the availability of new jobs attracts residents and retains existing ones. Often overlooked are ways in which quality of life contributes to the desirability of a place.

Economic development involves, in part, attracting companies to a given community to increase the number of available jobs; however, it also involves improving the quality of life and desirability of communities to attract new residents and jobs. Due to the mobility of today's workforce, many people choose where they live based on the attractiveness of an area; therefore, in addition to job creation, there are several "placemaking" tools that could improve the desirability and economic viability of North County.

- **Retail corridor revitalization:** supports local businesses, while creating a "main street" enhances the identity of an area and improves overall walkability. This can be done with local business marketing efforts, façade improvement programs, or streetscaping efforts.
- **Walkability:** can be enhanced by improving retail corridors, building/repairing sidewalks, bringing buildings with inviting storefronts to the street, creating bicycle infrastructure, or offering multi-modal public transportation options.
- **Public spaces:** Studies have shown where the place is inviting, people stay longer and spend more.
- **Arts Initiatives/Festivals:** bring the community together to not only celebrate arts and culture, but also attract those from outside the community to enhance area interest and encourage local area spending.

Interplay of housing demand and economic development



Placemaking Initiatives—Ferguson, Missouri

- Adopted a "complete streets" policy which encourages safe walking, bicycling, and transit infrastructure.
- In the process of drafting a form-based code which is set of zoning regulations which synergizes the scale of buildings, public spaces and urban form and supports an active downtown and strong local economy.
- Currently developing a bicycle and pedestrian plan to improve walkability, bikeability, and connectivity.

Address Housing Quality & Access: Reduce Foreclosures

The foreclosure crisis has disproportionately affected North County. Tools to address the crisis generally fall under four categories: counseling, rental conversion, re-selling homes to existing owners, and land banking. No one tool is effective in every case; rather, they must be applied based on circumstance.

The foreclosure crisis—particularly in North County—is vast and public resources to address it are limited. A framework is therefore needed—one that guides funds and utilizes tools that are most appropriate to each community, house, and household.[1]

Generally, keeping residents in their homes generates the least amount of cost—economic and social—to lenders, governments, residents, and neighbors. Of the tools available, counseling is the least expensive way of accomplishing this, particularly with respect to government and social costs. Of the estimated $78,000 in costs per foreclosure, $28,000 is borne by governments, residents, and neighbors. Yet counseling, which could lead to a loan modification, can cost as little as $1,000 to $3,000. Lenders, who lose $50,000 per foreclosure, stand to lose less as well.

Beyond Housing and Counseling, St. Louis[20]

- In 2008, Beyond Housing provided foreclosure counseling to 1,460 homeowners
- 87 percent were delinquent on loan payments; roughly half had an interest rate of at least 8 percent; 64 percent had lost a job, income, or both
- By 2009, 84 percent remained in their homes; the study concluded that those who received counseling were 60 percent more likely to avoid foreclosure
- Just 26 percent received modifications or refinancing

In most instances, keeping residents in their homes is the least costly approach for both banks and governments—counseling can be the most affordable of all tools.

Address Housing Quality & Access: Reduce Foreclosures

Reselling or renting units to existing residents requires effective use of market data, due diligence, qualified tenants, and an exit strategy. Some areas may make better use of limited funds than others.

Strategies to address foreclosures must be customized to the neighborhood, the individual building, and the existing or prospective resident. In other words, market data, building due diligence, and qualification of tenants are all necessary in order to have a sustainable, positive impact on communities.

Market Data

For government entities and CDCs, timely market data is needed to determine the general direction of a neighborhood's real estate market, as well as to characterize its performance. With a framework of investment in place, market data can then guide the flow of funds to areas where they can have the greatest impact. Research indicates that metrics such as home values and vacancy rates can be good predictors of where public dollars can be most impactful. Neighborhood-level market data can also help determine the best "exit strategy" for properties, such as whether to rent a property or sell it to a homebuyer. Data tools, such as market value analysis (MVA) can be used to this end.

Market Value Analysis, Philadelphia[21]

- Recognizing that NSP allocations are small relative to the scale of the Foreclosure problem, The Reinvestment Fund created an objective, data-based tool to characterize the underlying dynamics of the real estate market.
- Using GIS, recent foreclosure filings are plotted over key metrics (by block group), such as home values, vacancy rates, and owner-occupancy.
- Community block groups are categorized as high value, steady, transitional, or distressed.
- Data suggests neighborhood NSP funds have the most impact where the housing market is functioning reasonably well.

The Reinvestment Fund uses GIS to identify concentrations of foreclosures and the market variables impacting each community.

Address Housing Quality & Access: Reduce Foreclosures

Tools are emerging from the public, private, and non-profit sectors to facilitate quicker, more accurate due diligence of properties. Models such as the SUN program seek to keep people in their homes while avoiding a so-called "Moral Hazard".

Due Diligence

In addition to market assessment of neighborhoods, due diligence of individual buildings is needed to estimate their market value, as well as the cost of repairs needed. An assessment then needs to be made as to whether a property is viable (at some rent or sale price today), should be held for some period of time, or should be cleared.

Programs such as "First Look" have been established to allow CDC's to tour properties before the general public is able to. Data tools, such as REO Match, provide CDC's an interactive map of foreclosed properties that are available for purchase, so they can acquire clusters of properties that they deem viable. Private firms have established market and cost estimation tools that allow them to quickly evaluate large numbers of properties. Such tools could be mimicked by CDCs and governmental entities.

Boston Community Capital successfully keeps families at risk of foreclosure in their homes buy purchasing properties from lenders and reselling them back to families at reduced monthly rates.

Image source: Boston Community Capital

Qualifying Tenants

Careful screening is necessary to determine which residents make good candidates for homeownership through resale, and which are better-suited to renting. Boston-based Aura Mortgage Advisors uses strict underwriting criteria, ensuring a maximum housing expense of 38 percent of household income. For homeowners, fixed-rate mortgages are recommended to ensure a manageable, predictable monthly payment.

Reselling Homes to Existing Residents, Boston[22,23]

- Through its SUN initiative, Boston Community Capital (BCC) buys homes at risk of being foreclosed upon, at a discount, and sells them back to existing occupants.
- Market data is used to ensure purchase prices are properly discounted; tenants are screened and qualified to ensure new mortgage payments are affordable.
- Fixed-rate mortgages are offered; automatic paycheck deposits and automatic withdrawals of mortgage payments are required; up-front reserves are required.
- "Moral Hazard" is avoided with a shared-appreciation second mortgage. If the property appreciates, BCC gets a large percentage of the appreciated value at the time of resale.
- Under the SUN program, average monthly mortgage payments in Boston were reduced by $1,150 to $1,550.

Address Housing Quality & Access: Reduce Foreclosures

With limited resources, government funds should be leveraged with private dollars where possible. Revenue streams, direct and complementary, should be sought to have the greatest impact.

Funds from programs such as the Neighborhood Stabilization Program (NSP) are limited relative to the scale of the foreclosure crisis, so leveraging of private dollars is essential to have the greatest impact.

Assuming a $50,000 average purchase price for foreclosed homes in North County, roughly 370 homes could be purchased with the $18.4 million NSP allocation that the County received in 2009. This represents only a fraction of the 24,000 homes that were foreclosed upon in the County (from 2005 through 2011), of which over 16,000 were located in North County.

However, if funds are replenished through resale of homes or through rental income, a far greater impact can be had on the community over time, because more properties can be acquired for sale or rent. Further, complementary funds, such as a dedicated funding source for land banking, could be devoted to some purposes (such as demolition), freeing up more NSP money for acquisition of viable properties.

This may not fully address the immediacy of need during the peak of the foreclosure crisis, but if select areas are targeted over a longer period of time, stabilization or positive change could be brought about in select areas.

Strategic Acquisitions, Waypoint Real Estate Group[23]

- Innovations by private companies, such as Waypoint Real Estate Group, could be used by government and non-profit entities to quickly assess strategic acquisitions.
- Appraisers visit 20 properties per day, and enter building condition observations into a drop-down menu on a tablet PC (such as an iPad).
- Using combination of market data and cost estimates, a maximum purchase price is established quickly, reducing risk in the acquisition

Powerful modern land banking organizations, such as the multijurisdictional Cuyahoga Land Bank (one of its rehab projects is shown above), have overlapping missions—as well as a dedicated funding source—with organizations that receive NSP funds. Coordination between these complementary entities will lead to the most effective use of public and private money.

Address Housing Quality & Access: Zoning and Incentives

Creating inclusionary zoning ordinances that incentivize for-profit homebuilders to produce modest shares of affordable housing as part of larger market-rate projects can help reduce high concentrations of affordable housing within individual municipalities or locations.

Inclusionary zoning is a flexible tool for creating new affordable rental and ownership opportunities in connection with market-rate housing development. With inclusionary zoning, localities can require that some percentage of every new residential development beyond a given minimum size (e.g. 50 units) is offered at a price below market rate and thus is affordable to low– and moderate-income residents. These policies have the following benefits:

- Creates mixed-income communities in which the affordable units are blended into the neighborhood.
- Expands the availability of affordable homes in areas of high demand, such as areas near job centers.
- Promotes new affordable housing in areas that have little to no affordable housing, while simultaneously reducing concentrations of affordable housing in areas that are providing more than their "fair share."

Inclusionary zoning policies can be adopted at either the municipal or county levels, which allows a great deal of flexibility in how these policies are structured. However, certain conditions need to be consistent, including the percentage of units that need to be affordable, and at what income level the units need to be restricted, and how long the affordability restrictions need to be maintained. Inclusionary housing policies may be mandatory or voluntary, and either require or offer incentives for developers of market-rate projects to set aside a modest percentage of units for low- and moderate-income households.

In the case of St. Louis County, a voluntary program is likely to be more politically feasible, but could still encourage a more equitable distribution of affordable housing across the county.

The incentives that are typically offered include:

- Density bonuses allowing developers to build at a higher density than would have been allowed by the underlying zoning code
- Reduced parking or setback requirements
- Land assembly assistance

Chicago's Affordable Requirements Ordinance[24]

- Chicago's Affordable Requirements Ordinance (ARO) is a hybrid inclusionary zoning policy that is triggered only in specific circumstances.
- Any rental or for-sale development with 10 or more units is subject to the terms of the ARO, if the project involves TIF, a purchase of land from the City, a zoning change, or is located in a PUD.
- Requires a 20 percent set-aside in projects where developers receive financial assistance and 10 percent for all other projects.
- Establishes target income levels of 60 percent AMI for rental properties and 100 percent of AMI in for-sale properties.
- Incentives and cost offsets are available on a case-by-case basis.

Address Housing Quality & Access: Voucher Assistance

By addressing voucher discrimination, creating housing counseling centers that assist voucher users in finding available housing, and working with area landlords to educate and dispel myths regarding the voucher program, St. Louis County could effectively reduce concentrations of Section 8 voucher holders.

Address Voucher Discrimination: One of the biggest hurdles for participants in the Section 8 voucher program is voucher discrimination by area landlords. This creates a severe lack of choice amongst voucher users, who are then forced to seek lower quality housing in areas that are already in decline. To address these issues, some states and localities have adopted the following policies:

- Creation of statute or ordinance that prevents landlords from discriminating against prospective tenants based on "source of income."
- Place greater pressure on landlords that refuse to accept Section 8 vouchers through increased code enforcements.

These policies, particularly the statute/ordinance, typically leads to higher rates at which voucher holders are able to find suitable housing, or

Montgomery County (Maryland) Voucher Discrimination Ordinance[25]

- Although federal law does not directly prohibit discrimination against housing vouchers the way it does race, religion, sex, etc., Montgomery County, MD created a local ordinance listing "source of income" as a class-protected form of housing discrimination.
- Under this statute, "source of income" includes: "any governmental or private assistance, grant or loan program."
- The statue effectively makes it illegal for landlords to claim that they do not participate in the housing voucher program.

"success rates." This increases the number of properties that voucher participants can choose from, promoting greater natural dispersion.

Housing Counseling Centers: Using HUD funds traditionally set-aside for vouchers, communities can create mobility housing programs through partnerships with local non-profits. This type of program typically offer a range of services that aid housing voucher holders in moving to lower-poverty areas outside their existing neighborhood. These services include:

- Housing search counseling and unit referrals.
- Free credit reports and budget counseling.
- Transportation to view units in identified "opportunity neighborhoods."
- Post-move support and in-house visits.
- Access to a security deposit loan fund to assist households with the up-front costs of security deposits.

These centers, along with the local Housing Authority, should also be willing to work with area landlords by providing education in an effort to dispel myths concerning Section 8 voucher holders, as well as providing other levels of assistance to local landlords for their participation in the program.

Address Housing Quality & Access: Technical Assistance

A number of preventative steps can be taken by local agencies to identify problem properties and provide landlords with tools to upgrade or replace them. These efforts can positively affect surrounding property values.

Deteriorating market rate rental properties also represent a threat to neighborhood stabilization. Many have little architectural appeal, and this, coupled with a weak market, makes redevelopment or adaptive reuse difficult for would-be developers. Local governments can take a proactive role in engaging and assisting owners of some of the county's largest at-risk market rate multifamily properties. These properties are typically deteriorating and in danger of becoming blighted eyesores that negatively impact adjacent properties. It is important to identify and stabilize these properties by engaging the landlords and encouraging the following steps:

- Reinvesting CDBG, low-interest loans, TIF, and other public funds for renovations.
- Supporting an interested and capable owner with technical planning and expertise.
- Encouraging and facilitating market rate landlords to seek LIHTC or other tax credit awards for rehab of aging market rate properties into newly renovated mixed-income properties.
- Putting additional pressure on non-complying properties through greater code enforcement and citations.

While some communities might disapprove of using subsidies for renovations, particularly LIHTC, the downward cycle of a property typically leads to eventual occupancy by lower income residents anyways. Additionally, the continued decline of a property would have serious negative impacts on adjacent properties, while a newly renovated property would help promote additional investment throughout a neighborhood.

Similar to an occupancy permit program, local agencies can monitor and enforce rental property regulations by requiring landlords of rentals to register their properties.

Rental Licensing Programs: Requiring landlords to obtain a license before renting a property can help agencies identify property owners for maintenance and safety issues, as well as other concerns. It also means that if standards are not maintained, the owner's license can be revoked, which would be an important tool in getting absentee landlords to comply.

A registry such as this could also allow the County or local municipalities to incentivize landlords to participate in the program. These agencies could maintain an ongoing database similar to the affordable housing database created by DS. It could also be potentially available online for use by property owners as a marketing tool and prospective renters seeking vacant units, thus incentivizing landlords to register their properties.

Address Housing Quality & Access: Code Enforcement

The increasing number of unresolved building code violations at a property is a sign of neglect and lack of responsibility from the property owner. Proactive inspections and code enforcement can encourage a greater degree of responsible action on the part of landlords.

Though building and other code enforcement varies between municipalities, due to limited resources, many municipalities rely on a complaint-based system which can be effective, but it also allows many violations to go unnoticed. In multi-family rental properties, some tenants may fear eviction if they report code violations or some residents may be unaware of the complaint process or issues that warrant a complaint.

In an effort to protect tenants in rental properties, some municipalities have incorporated rental property inspections programs as part of their routine operations. In many cases, municipalities require the registration of rental properties and inspections prior to the move-in of new tenants. This inspection program not only requires property owners to maintain their properties from a structural perspective, but protects future tenants from moving into unsafe conditions.

In addition to ensuring that a property is structurally sound and conforms to all applicable building code requirements, some municipalities have also included a maintenance code as part of their inspection program to address "quality of life" issues such as lawn maintenance and building exteriors. As a response to the "broken windows" theory that properties in disrepair have adverse impacts on the values of surrounding properties and lessen the motivation of adjacent property owners to maintain their properties, maintenance codes can require property owners to be responsible for exterior appearance.

Residential Rental Property Inspection Program
St. Peters, Missouri

- All rental property must be registered and inspected by the building department
- Prior to occupancy of all tenants, the exterior and interior of the property must be inspected
- All life-safety violations must be resolved prior to tenant move-in, but for non-life-safety violations, a temporary occupancy may be issued.

Minimum Standards Code Enforcement
Grandview, Missouri

- Adopted in response to property maintenance concerns and the spread of disinvestment
- City now conducts a "windshield" inspections of all properties each year to better address exterior code violations
- Letters sent to property owners explaining violation and how to resolve the issues

Rental Licensing Program in Kansas City, Kansas; Independence, Missouri; and Prairie Village, Kansas[26]

- Similar to an occupancy permit program, but targeted to rental housing because it typically creates more maintenance-related issues.
- Requires property owners to obtain a license to operate rental housing, allowing the city to inspect rental properties and revoke licenses if property owners do not comply.
- A fee is charged for the inspections to pay for staff administering the program.

Address Housing Quality and Access

Though previously-available funding programs have disappeared, affordable cooperative housing is an idea worthy of resurrecting—primarily because of its excellent record of maintained affordability *and* quality.

Cooperative (or "Co-op") housing is an old idea that may be worth resurrecting as a means of delivering affordable housing that has lasting value. Affordable co-ops secure and hold the mortgage of a whole building and individuals buy shares of the co-op; as such, they do not have to secure a mortgage and instead buy modestly priced shares and pay a monthly carrying charge, which is also moderately priced. Many co-ops, which were more commonly developed in the 1940s, 50s, and 60s when government programs encouraged their development, have maintained their affordability and quality because residents make many individual and collective efforts to maintain their properties and keep expenses low.

Some key tenets of successful affordable cooperative housing include the following:

- Housing charges adjusted annually to reflect changes in cost of operations and maintenance; not market-based inflation
- Residency restrictions to ensure incomes initially fall below some appropriate limit
- Ability for a member to remain as a resident if their household income increases to limit turnover
- Membership by all co-op residents so success and responsibility is shared
- Long-term availability of property as affordable housing

While funding sources for co-ops have become limited as government programs have sought to support other types of housing, so-called "Third Sector" sponsors—often CDCs—have partnered with governments and lending institutions to develop co-ops, making use of HOME funds and other low-interest loans. One model in Minneapolis consists of "leasing co-ops", which provides a legal mechanism to make use of the LIHTC program.

Western Avenue Cooperative Housing, Park Forest, Illinois

Established in the 1940s, after World War II, "co-ops" at Western Avenue have remained remarkably affordable and well-maintained.

- Share prices generally range from $15,000 to $28,000
- Carrying charges (a monthly fee) are roughly $450 per month
- Of nearly 2,050 units, just four percent are vacant
- Building conditions are excellent for a 60-plus year property
- Tenants have made additions and other improvements over a span of decades
- Lawn and yard maintenance is generally superb

Source: Will Malone Associates and Gardencourt Partners, LLC

Cooperative Housing in Park Forest, Illinois

Respond to Shifting Markets: Land Banking

Many communities with declining populations are exploring creative uses of vacant land, including wetland and watershed restoration, park land, and urban farms. Land banking can help facilitate strategies to manage declining market demand.

Residential properties for which there is a market and are in good condition or can be salvaged in an economically productive manner should, in most cases, continue to serve the residents of North County and Lemay. For those properties that cannot be salvaged, are already vacant, or have little or no current market demand, other strategies are likely to be necessary.

Land banking allows for the acquisition of properties that are not marketable in their current form (or at the current time) and assembly for future use. While redevelopment into economically viable projects is perhaps most desired, shrinking cities are looking at creative uses of vacant land when a market (or underlying economics) are lacking, including wetland and watershed restoration, park space, and urban farms.

Urban farms make use of the growing trend of, and appreciation for, locally grown, natural foods. By converting vacant land into community gardens and urban farms, land that would otherwise lie fallow is put into productive use. Further, communities often take ownership of land that would otherwise be largely unmonitored.

While urban farms often are generally not the most economically productive use for land amidst a major metropolitan area, they can be in some instances. In these cases, urban farms can provide value to their communities and be made ready for development when (and if) market demand returns.

Land Banking, Ohio and Michigan[27]

Through state enabling legislation, land banking entities in Ohio and Michigan have been given broader powers to proactively acquire distressed properties.

- **Unrestricted Geographies:** By enabling land banks to cross jurisdictional boundaries, portfolios of properties can be purchased, through bulk sales, which span several communities.
- **Broad Powers:** Rather than passively receiving properties through tax-foreclosure, land banks can strategically pursue distressed properties. Code enforcement and other tools can be used to pressure irresponsible landlords into selling property. Titles can be cleared and properties can be remediated to make them attractive for future investment.
- **Dedicated Revenue Stream:** In Ohio, penalties and interest of unpaid real property taxes provide stable, revenue for land banks. In Michigan, land banks receive properties not sold at auction. For every property it puts back into use, it can capture a portion of real property taxes and by renting properties in their inventory.

Image Source: Cleveland Urban Design Collaborative

Improve Decision Making: Web Tools

An online database of foreclosed properties provides CDCs with vital, real time information.

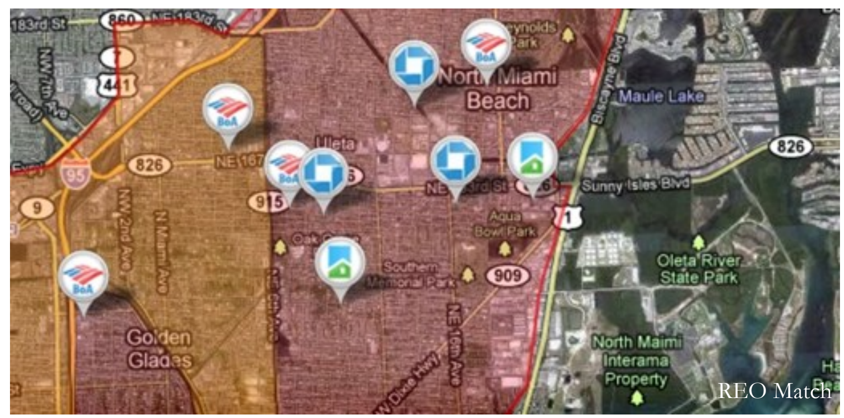
Online Database for Foreclosed Properties

One of the biggest hurdles to putting foreclosed homes back into productive use is the lack of timely information. CDCs need to be able to search portfolios of properties from multiple lenders to determine whether they can invest in a cluster of nearby homes. The CDC's need detailed property information, such as building age, condition, asking price, etc. so it can quickly screen properties not worth pursuing.

Enter web tools, such as REO Match, which provide real time information on properties available for sale. Such tools allow CDCs to qualify prospective purchases before engaging in more detailed due diligence.

Online Foreclosure Database: REO Match[28]

- The National Community Stabilization Trust was established in 2008 to serve as a bridge between financial institutions with large portfolios of foreclosed properties and community-based housing providers, such as community development corporations (CDCs).
- The Trust created REOMatch—a GIS-based, interactive mapping tool to facilitate property purchases. It allows CDC's to view lender properties that are for-sale.
  - Map target neighborhoods with street-level detail.
  - Quickly identify property purchase opportunities.
  - View listings from multiple financial institutions.



REO Match

Improve Decision Making: Web Tools

Inclusion in an interactive map of available rental properties could be used as a "carrot" for responsible landlords.

Rental Database: The Responsible Landlord Carrot

Code enforcement is a "stick" that can be used to encourage irresponsible landlords to sell their properties, or at least make sure they maintain their properties. A more positive, incentive-based approach could be taken using an online, searchable database of properties. The interactive web-map provided as part of this project is a perfect example. In addition to providing property location and rents for affordable housing in St. Louis County, it offers quality ratings.

Properties that are well-maintained could be included in a database that is searchable by prospective renters. Properties that are poorly maintained could either be excluded from the site, or would receive a low rating. In this way, an online web-tool could be used as a "carrot" to provide responsible landlords free or low-cost marketing and advertising.

Identifying potential brownfield and grayfield sites is a critical component to moving brownfield projects towards realization.

Brownfield redevelopment presents a great deal of risk to developers because the cost of remediation is often unknown. A brownfield property database that identifies contaminated sites can help improve due diligence and thus encourage investment. Better still, if order-of-magnitude costs could be estimated, developers and investors could quickly incorporate them into feasibility studies, reducing up-front costs.

Marion County, Indiana Site Inventory[28]

- In 2007, Marion County, Indiana created a brownfield inventory of 1,682 sites using 16 different data sources for purposes of identifying and marketing "redevelopment ready" sites.
- Performed 647 "drive-by" surveys of suspected brownfield sites that catalogued data such as facility types, vacancy, condition, and presence of contaminant factors such as drums, hazard signs, etc.
- Evaluated site inventory for brownfield status into categories that includes brownfield, site of concern, redeveloped, and redevelopment ready.
- Joined inventory with other data resources such as parcel and address info, as well as building and zoning data.
- Created web-based GIS application.

Above: Marion County brownfield site inventory.

Chapter 6

ACTION ITEMS

The previous chapters of this report provide an overview of opportunities and constraints, define the problems and challenges of North County and Lemay, document those problems, and offer policy tools to address them. This chapter builds on the policy tools by providing action items—items that could be implemented in order to specifically address problems and put North County and Lemay back on a path of economic sustainability.

Chapter Six: Action Items

IMPROVE THE MARKET

Partnerships

- Engage businesses and institutions with a stake in North County and Lemay to establish an equity fund that can be used for land assembly, as well as leverage to secure private and public funding sources for projects.
- Establish a new community development corporation (CDC) with skilled planning, real estate, and housing professionals—or identify a willing and capable existing CDC—to identify projects, oversee investments, assemble land, secure financing, and partner with qualified developers. Appoint representatives to the board from organizations that contributed to the equity fund.
- Partner with communities, CDCs, and foundations that have aligned interests of stabilizing and improving North County and Lemay. Encourage investments in people (such as early childhood education, and nutrition and wellness education), as well as efforts to build community trust and foster leadership within communities.
- Seek partnerships with CDCs and qualified developers with track records of establishing community trust and building quality developments, as well as layering multiple public and private funding sources.
- Work with partners such as Metro and the St. Louis County Economic Council to focus job growth in targeted areas and to improve transit accessibility where necessary.

Target Opportunity Sites

- Identify opportunity sites—those that have the greatest ability to leverage private investment and catalyze investment/property appreciation in surrounding areas—for targeted investment, including:
    - Transit stations
    - Main streets
    - Historic neighborhoods
    - Grayfields, brownfields, and other areas that afford large-scale redevelopment opportunities
    - Areas with good accessibility and visibility
    - Underutilized corridors
- Assign funding priority to the opportunity identified sites for the use of programs such as HOME funds, New Markets Tax Credits (NMTC), Low Income Housing Tax Credits (LIHTC), Historic Tax Credits (HTC), and low interest loans.
- Establish other economic incentives and tools at select opportunity sites—including Tax Increment Financing (TIF), Community Improvement Districts (CID), Transportation Development Districts (TDD) and/or tax abatements—as necessary.
- Utilize funds for land assembly and packaging in these areas, particularly from a newly-established equity fund and a newly-created land banking authority.
- Require that a percentage of housing near transit stations be affordable.

Placemaking

- Support efforts toward placemaking at targeted sites through policies, education, and partnerships—in order to add value and make North County and Lemay increasingly appealing as demographics and preferences shift toward walkable, livable areas near employment centers.
- Encourage zoning modifications and overlays to enhance the quality, character, and livability of the targeted opportunity areas. This can be accomplished with planned developments, form-based codes, and zoning overlays aimed at placemaking. Further, zoning incentives such as density bonuses can be offered to encourage quality development, and parking ratios can be reduced to be aligned with market demand.
- Champion efforts such as "complete streets" initiatives that seek to improve land use relationships, walkability, and livability.

RESPOND TO SHIFTING MARKETS

- Advocate for state legislation and create a more proactive and well-financed land bank authority with the following:
  - A dedicated revenue stream
  - The ability to proactively acquire property for assembly and demolition, and pressure irresponsible landlords into selling
  - The ability to cross jurisdictional boundaries
- Forster partnerships between the new land banking authority and the County, communities, and CDCs so that they work in lock-step to improve targeted areas and respond to shifting markets in others.
- Encourage urban agriculture as an interim use where land is vacant and market demand is lacking.
- Encourage community gardens as an interim use to stabilize neighborhoods and improve nutritional education.
- Engage in phytoremediation and other methods of natural soil remediation to prepare sites for redevelopment.

IMPROVE DECISION MAKING

- Continue to update and refine the county affordable housing interactive mapping tool created as part of this housing study. Quality and condition ratings for each property will not only help tenants select the best properties, but will serve as a "carrot" for landlords who seek to receive good ratings.
- Using GIS, develop criteria to establish a Market Value analysis whereby demographics and housing data help guide investments of limited public resources.
- Make web tools such as REO Match available to CDCs, so they can quickly receive up-to-date information on foreclosed properties that are available for purchase.

ADDRESS HOUSING QUALITY AND ACCESS

- Seek additional funds for foreclosure counseling—which has been identified as one of the lowest-cost methods of keeping families in their homes and averting foreclosure.
- Work with non-profits and CDCs to provide greater housing counseling, particularly in helping low and moderate-income households select housing. This includes housing search and unit referrals, transportation to view units in "opportunity neighborhoods," assistance with security deposits, free credit reports, and budget counseling.
- Encourage organizations to buy homes at risk of foreclosure and resell them to families, using Boston Community Capital's SUN program as a model. Under this program, tenants are carefully screened and a shared-appreciation second mortgage is taken out to address the "Moral Hazard" concern expressed by lending institutions.
- Create a county-wide or region-wide inclusionary zoning ordinance to ensure that low and moderate income housing is not concentrated in a few areas, and that low and moderate income households have equal access to jobs and resources.
- Provide density bonuses and other incentives developers who include affordable housing in their projects—particularly in areas with high rents and home values.
- Address Section 8 Voucher discrimination by enacting a statute or ordinance that prevents landlords from discriminating against prospective tenants based on "source of income."
- Provide a "one-stop shop" for landlords to learn about incentives (such as CDBG, low interest loans, TIF, and LIHTC) for reinvestment, and receive technical assistance for rehabilitation and renovation.
- Establish a rental licensing program that would enable communities to engage in proactive code enforcement by requiring a building inspection prior to renting a property.

END NOTES

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APPENDIX

SUMMARY OF INTERVIEW RESPONSES

Interviews of Housing Experts

During the spring of 2012, Development Strategies interviewed several St. Louis housing experts, particularly in the areas of non-profit housing development policy research. The focus of the discussions was on North County and Lemay. The following summarizes the main ideas and analyses that arose from those interviews.

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

Strengths:

- Airport
- Not far from downtown, relative to rapidly-growing areas
- UMSL
- Express Scripts, Boeing, Emerson Electric, et al
- St. Vincent Trail
- MetroLink
- Christian Hospital
- Housing is very affordable. (This is also recognized as a weakness, in some instances, because it is indicative to weak market demand, and low home value appreciation can lead to disinvestment.)
- The predominant housing type is single family, which still appeals to a large segment of the population.
- Pockets of healthy, vibrant neighborhoods.

Weaknesses:

- Oversupply of housing relative to demand. Too *much* affordable housing. More *quality* affordable housing is needed.
- Foreclosures and subprime lending are occurring disproportionately in North County, with negative consequences on communities. These factors, coupled with others, has resulted in a near "perfect storm" that had led to property devaluation.
- No coherent strategy to address problems. 93 municipalities make coordination difficult.
- Scant resources to address problems.
- Bold planning is lacking. Simple solutions have been tried and have not worked.
- Policy makers, politicians, and the public at large have failed to understand the importance of home on children. Education has to be prioritized for our economic future.
- Much of the housing stock is obsolescent—2 bedroom, 1 bath single family units with 1,000 square feet.
- Many neighborhoods are all housing and no retail. This single-use, land use pattern is not resilient to changing market conditions.
- Lack of capacity. CDCs have limited capacity. It takes a huge amount of work to gain the trust of a community.
- Many municipalities, because they are too small, do not have planning directors and community development directors. They lack the capacity to engage in community planning and visioning.
- Lack of an adequate number of youth services such as the Head Start program.
- Too much reliance on federal funds that are distributed by the County. These funds are grossly inadequate to address problems.
- Funding sources need to be diversified.

Opportunities:

- Build the capacity of CDCs—more Beyond Housings and RHCDAs needed
- Organic leadership needed from within—business associations, CDCs, entrepreneurs in the mold of Joe Edwards…

- Focus not on units, but on building neighborhoods and communities.
- Communities can build defined centers with a sense of place. The market is beginning to favor places with character, as well as walkable neighborhoods and places that support active living.
- Institutional involvement. Christian Hospital could learn from BJC's involvement in the Forest Park Southeast Neighborhood, which has improved with the help of an institutional anchor.
- An opportunity exists for a bold vision—one that involves more than reliance on scarce federal resources. This will take vision, political will, and broad public buy-in from County residents. More money needs to be devoted to the problem; this could mean non-federal resources (such as money from the County's general fund) being allocated to address housing and economic development issues in North County and Lemay.
- The discussion needs to be reframed. Housing professionals need to do a better job conveying the importance of what they do. It's about improving opportunities for families by improving education and economic opportunity, as well as improving the quality of housing.
- The value of North County housing needs to be improved. This requires comprehensive community development work. Education cannot be ignored. Health issues and economic development need to be addressed.

Threats:

- North County could come to resemble North St. Louis (in terms of its concentration of households below the poverty line, low graduation rates, etc.) in 20 years.
- Struggling school districts
- Lack of non-federal dollars.
- Lack of comprehensive planning.
- More foreclosures
- Cutbacks by the federal government (HOME, CDBG) will deprive communities that already have scarce resources with the means to address problems.

On the role of government:

- Make foreclosure status, data transparent and available for community -based organizations
- Help create a vision for North County and Lemay. A property-by-property approach will not work. What are needed are a neighborhood and/or community-scaled approach.
- Help market properties for responsible landlords as a "carrot"
- Code enforcement as a "stick" for irresponsible landlords.

On property management

- Careful screening of tenants is vital to maintaining properties and communities. Because of the added risks of vacancy with respect to single family rentals, the importance of screening is of heightened importance.

On how to develop the capacity of more quality CDCs

- Too many CDCs with no capacity—particularly those reliant on finite government funds—is bad, because they fight over limited resources, turf, etc.
- A viable economic model needed
    - Fundraising (charitable contributions) is hard
    - St. Louis County has scarce resources
    - Entrepreneurship needed
    - Organizing alone doesn't work—well-capitalized organizations needed
- Resources are needed to put people on the ground—it's not just

about having financing for development projects

- Trust in the community is vital, and it takes time to build relationships
- Community has to guide the vision
- Development cannot simply be transactional—it has to be the right project, at the right time, for the community

On the high cost of delivering affordable housing

- Universal Design/ADA requirements, while beneficial, do add a certain amount of cost
- The mark-up on administrative costs to monitor fair labor standard practices, while beneficial, adds cost.

On the role of economic development:

- The problem is far bigger than housing alone. Jobs and economic development are needed. Schools and crime must be addressed. Transit must be improved and leveraged.

On the subject of single family rentals:

- Virtually everyone agreed that out-of-town investors buying up and managing portfolios of 100 to 200-plus units of scattered-site single family rentals is not in the best long-term interests of communities in North County and Lemay. Not all investors are equal—some are better than others. But most will not have the long-term interests of the community in mind.
- The cost of operating and maintaining single family homes is estimated to be $1,000 greater, on an annual basis, reducing net operating income (and thus per-unit value).
- Vacancy for scattered site properties is a very different proposition than it is for multifamily properties. Vandalism, theft, squatting, etc. are all far greater risks, driving up costs and increasing the likelihood of a property having a negative impact on the surrounding neighborhood.
- Keeping owners who are facing foreclosure in their homes as renters was cited as preferable to an interim period of vacancy in foreclosed homes, because of the likelihood of vandalism, theft, squatting, etc.
- To entice quality CDC's to buy up scattered site rental properties, the CDC's need to be able to selectively buy properties from portfolios, as opposed to buying whole portfolios. Clustering of properties can reduce operations and maintenance costs.
- Given the relatively low rents in North County and the deteriorating condition of some of the housing stock, selective reduction in supply—particularly where properties are in poor condition—could improve the market by bringing supply in line with demand.
- The need for basements in single family rental properties adds $15,000 to $20,000 in construction costs, making them a less effective means (relative to multifamily housing) of delivering the most quality affordable units to the greatest number of people, given limited government resources and a finite number of tax credits available.
- Local opposition to multifamily housing is a barrier that sometimes channels tax credit money toward single family rentals, even though it is a less efficient method of delivering affordable housing to the greatest number of people.

DS Single Family Interview Summary Points

Development Strategies has also interviewed representative owners of scattered single-family properties in North St. Louis County. Some of the key information provided in these interviews includes:

- There is a significant presence of property owners that own multiple scattered-site properties throughout North County. One property owner indicated that their company owned/managed up to 92 single-family homes that were acquired through foreclosure. These homes are primarily located in an area along Chambers Road stretching from the airport on the west to Riverview on the east. All of these homes are available as rentals (99% occupied).

- While DS identified multiple property owners that were located out-of-area, only one was able or willing to be interviewed. The owner identified some issues associated with owner and managing properties from out-of-area locations, particularly in regards to citations from area municipalities and billing from utility companies.

- One owner reported that they accept Section 8 voucher holders, which comprises the majority of their tenants.

- No long-term plans were provided by any owners, though one indicated that they would like to improve and re-sell, if possible.

- Some of the property owners cited issues such as school district performance, an over-abundance of renters, tight bank lending, and a lack of risk tasking, local political corruption, and lack of public transportation access as serious impediments to market improvement.

A P P E N D I X

FORECLOSURES DATABASE

This file is provided in digital formal, as part of a Microsoft Access database.

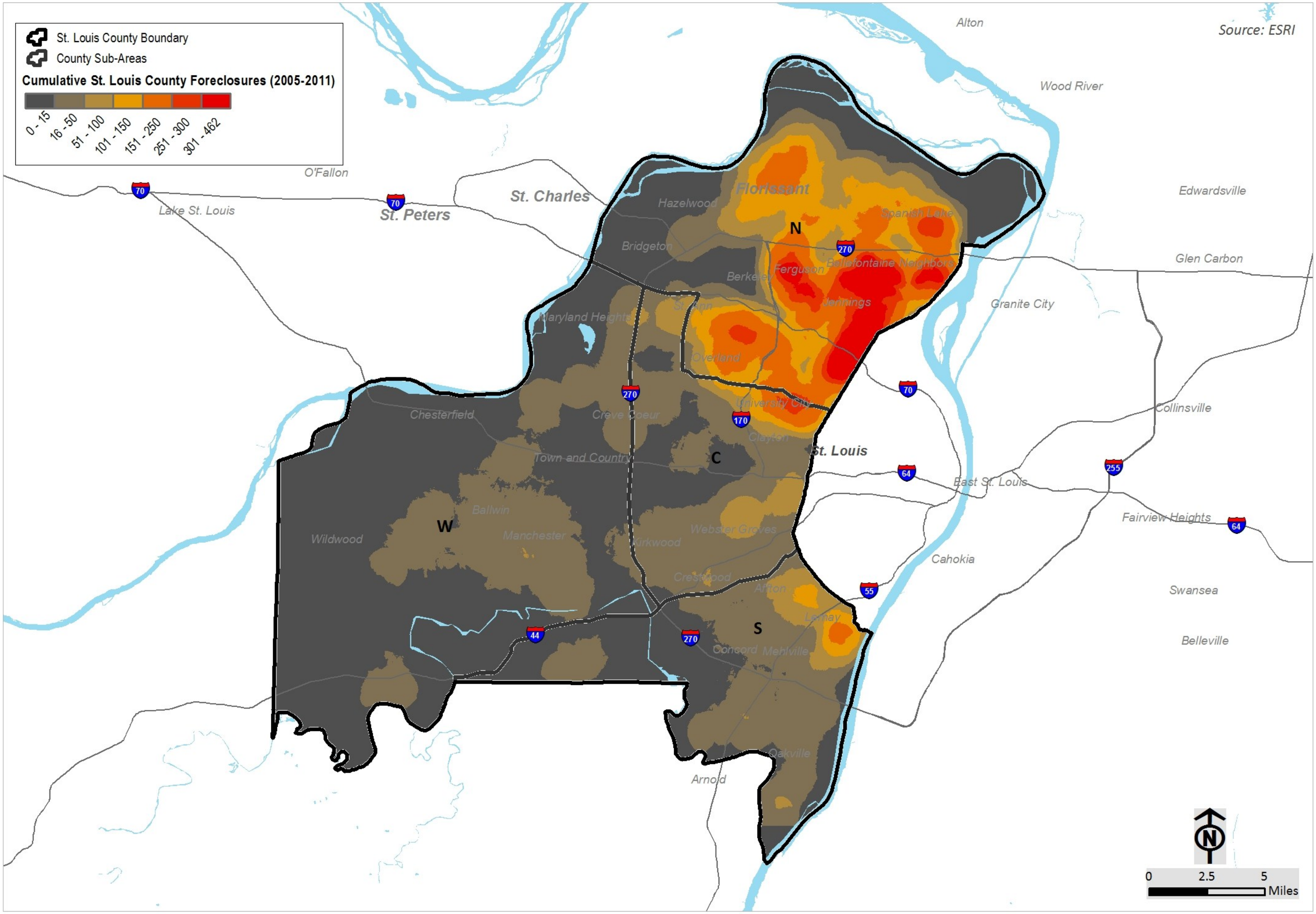
APPENDIX

AFFORDABLE MULTIFAMILY DATABASE

This file is provided in digital formal, as part of a Microsoft Access database. It is also provided in format of an interactive map.

APPENDIX

GIS MAPS



Cumulative St. Louis County Foreclosures (2005-2011)

St. Louis County, Missouri

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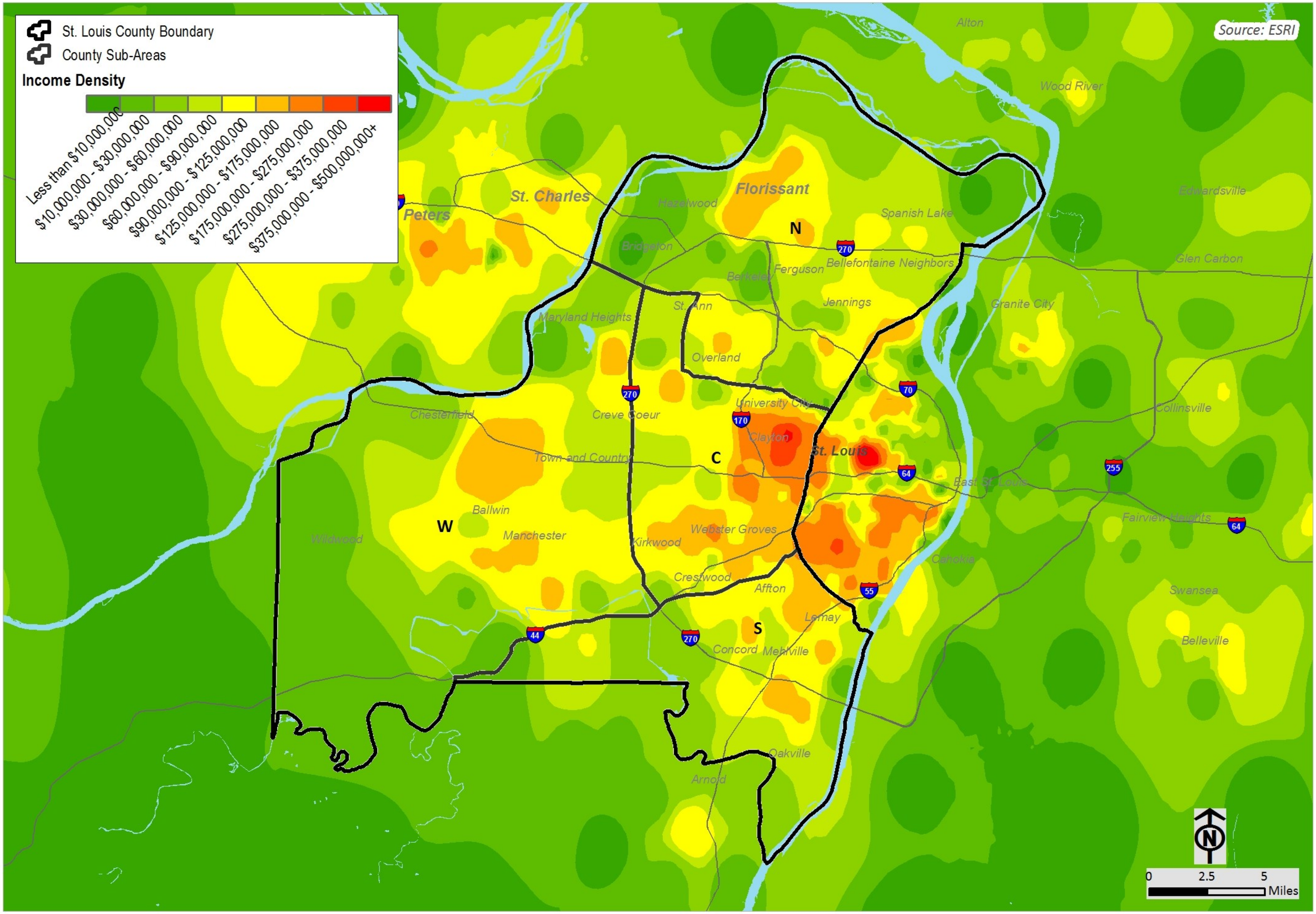

Income Density (2010)

St. Louis County, Missouri

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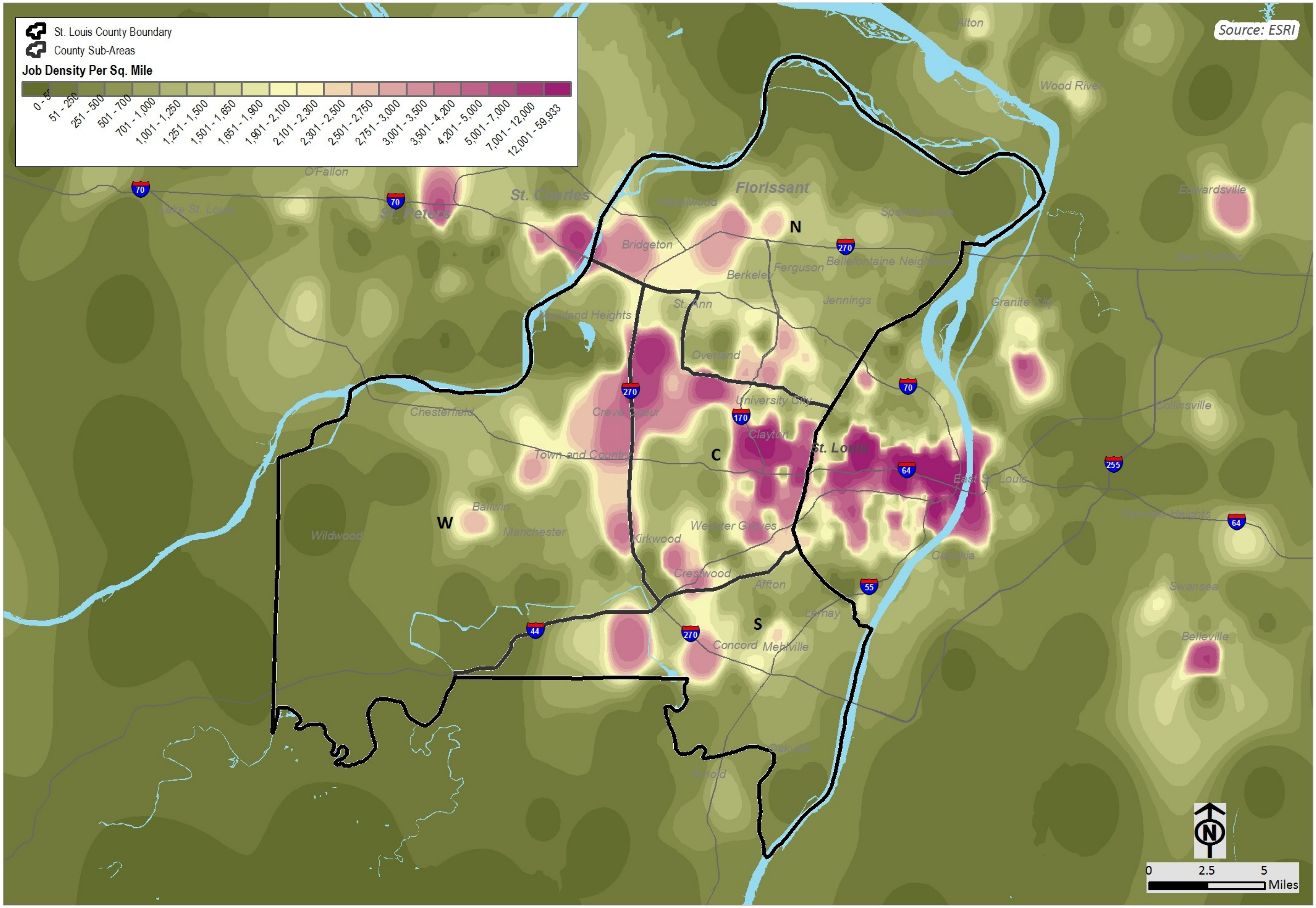

Job Density (2010)

St. Louis County, Missouri

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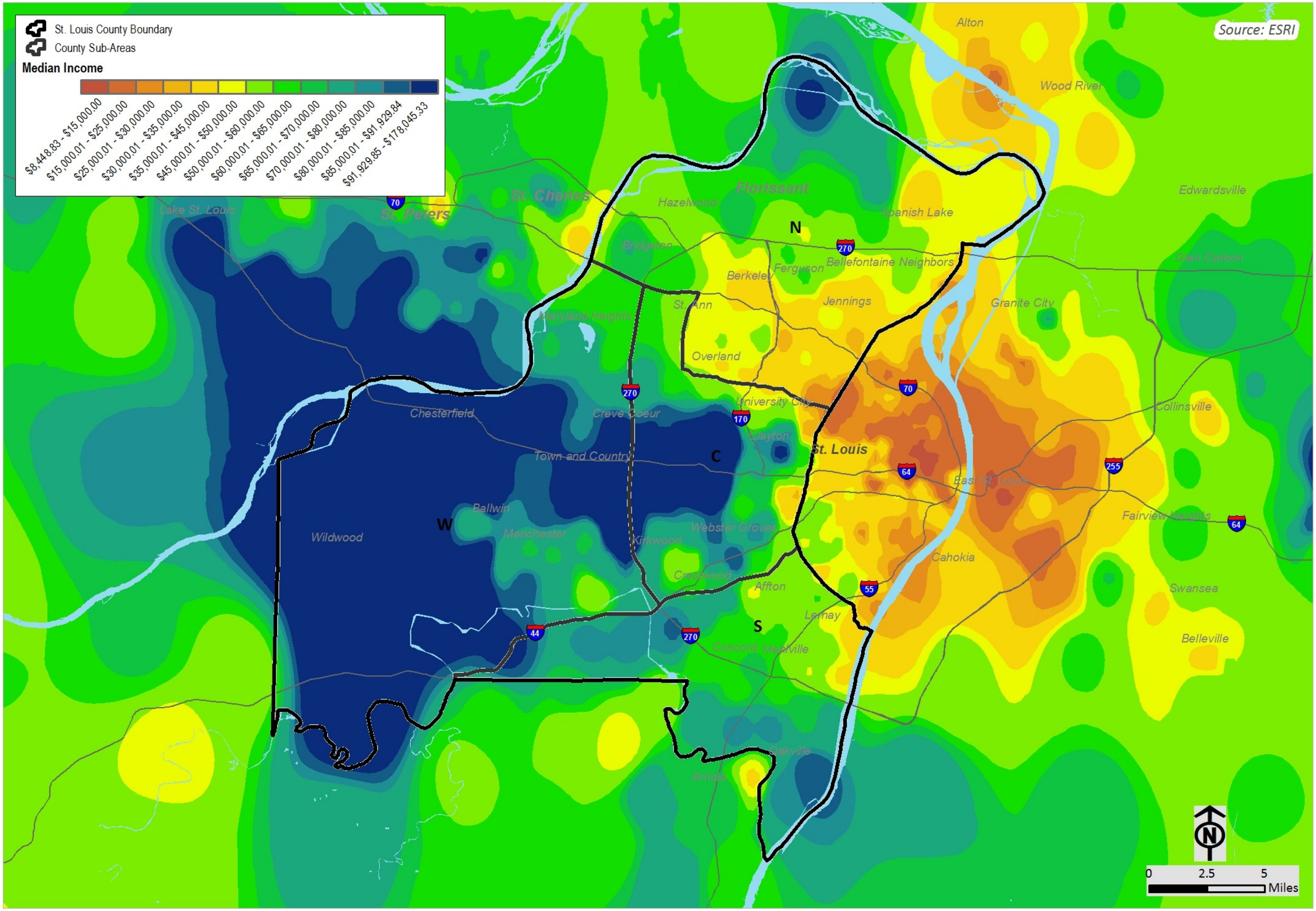

Median Income (2010)

St. Louis County, Missouri

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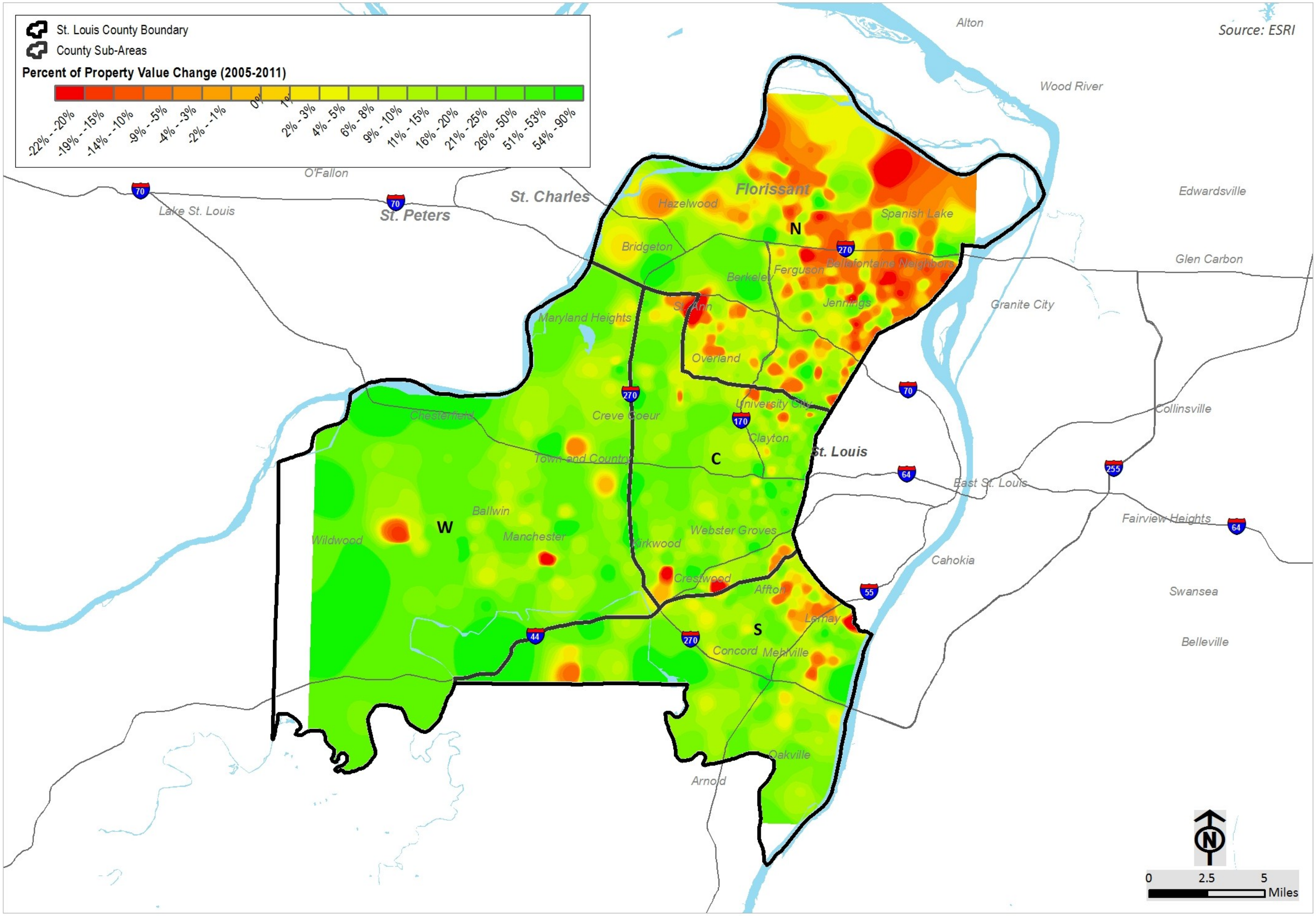

Percentage Change of Total Assessed Values (2005-2011)

St. Louis County, Missouri

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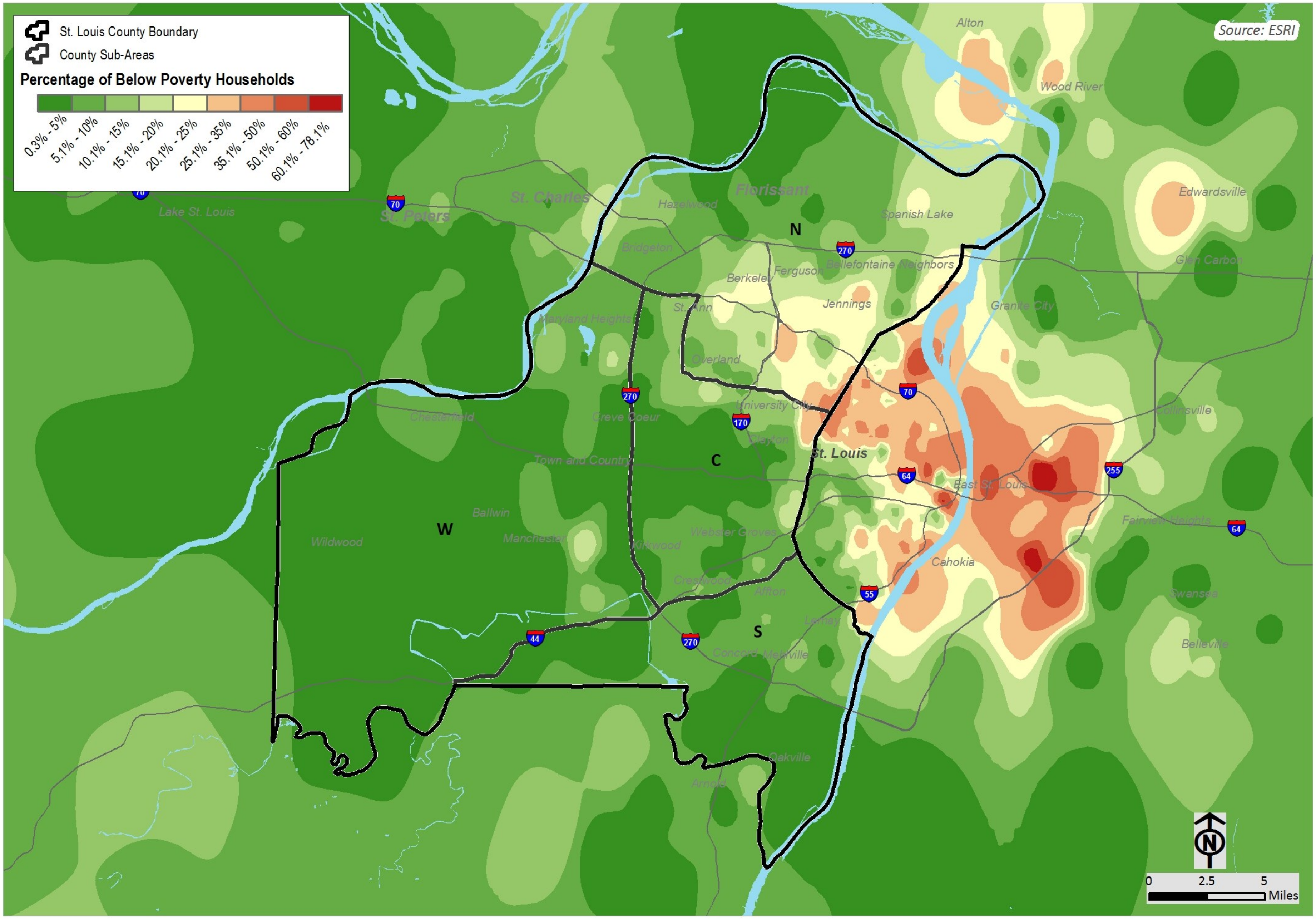

Percentage of Below Poverty Households (2010)

St. Louis County, Missouri

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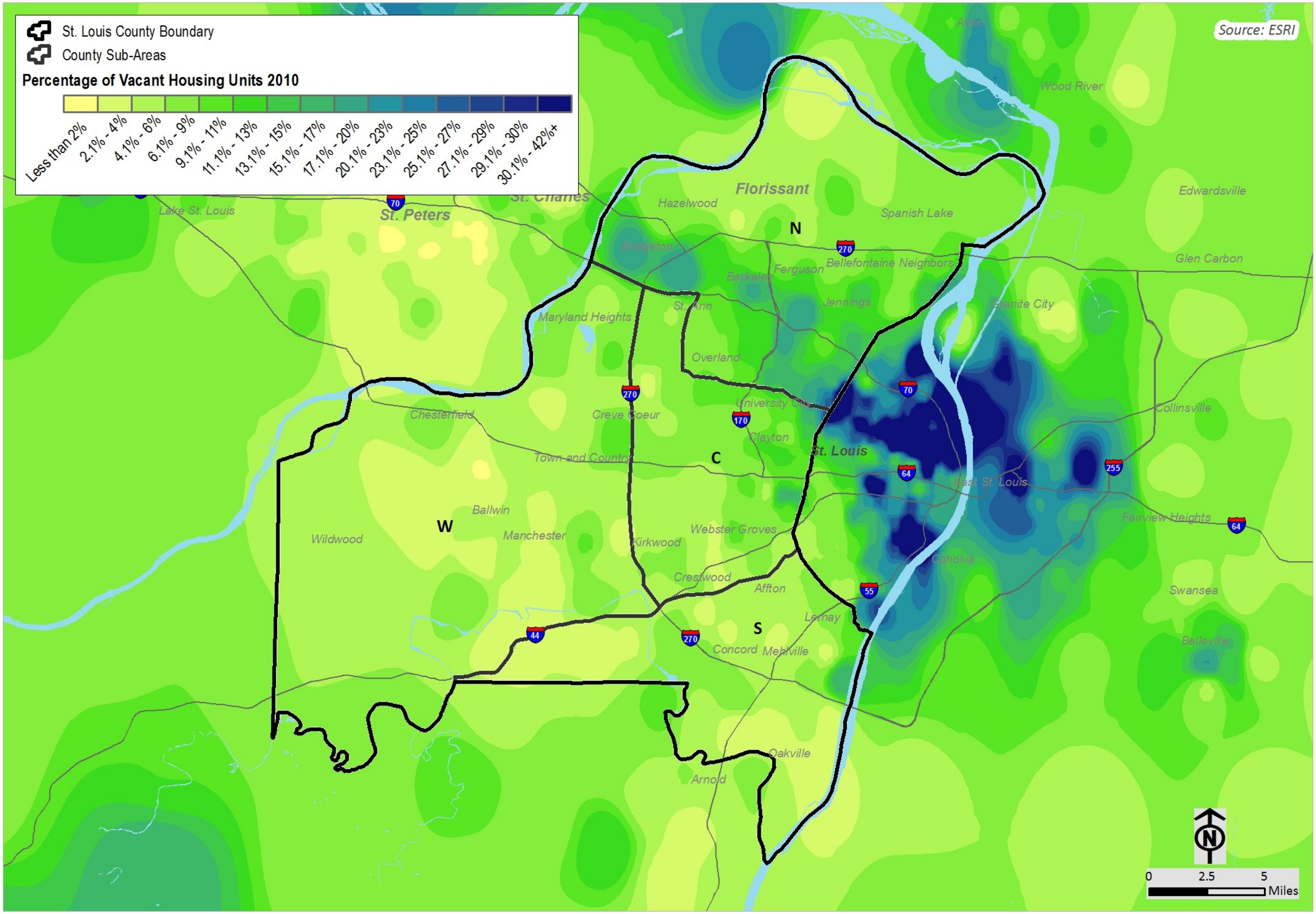

Percentage of Vacant Housing (2010)

St. Louis County, Missouri

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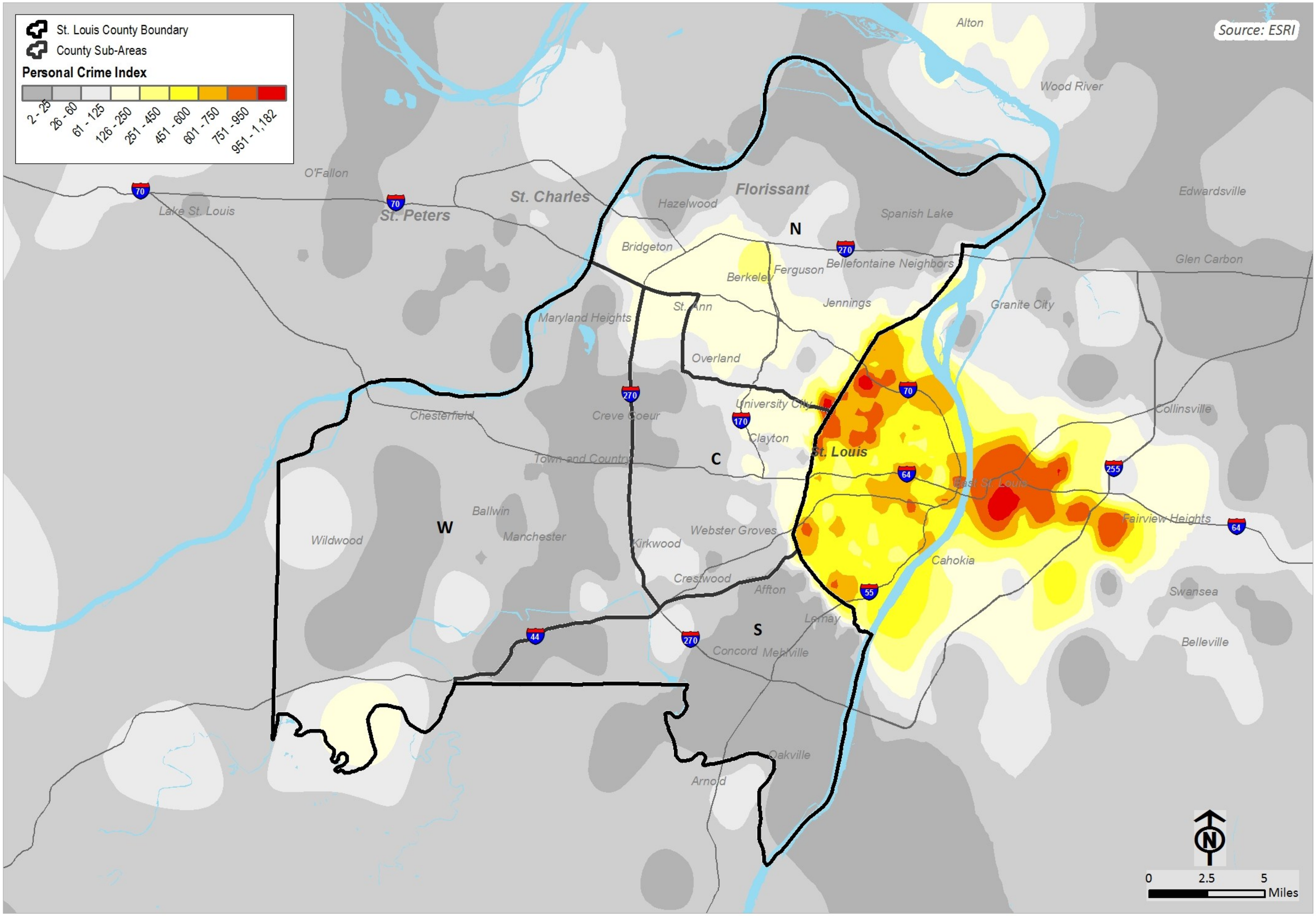

Personal CrimeRisk Index (2010)

St. Louis County, Missouri

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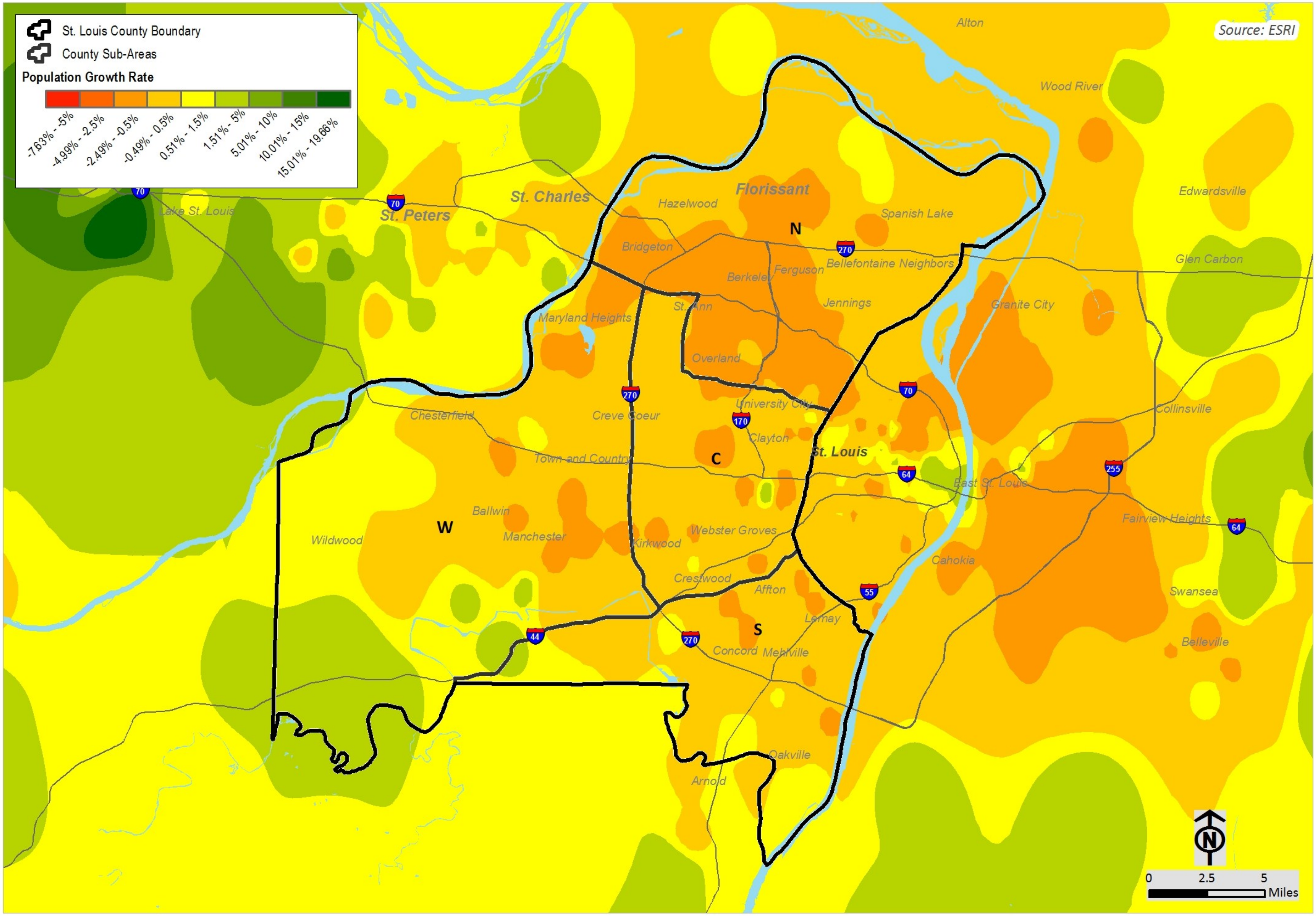

Population Growth Rate (2000-2010)

St. Louis County, Missouri

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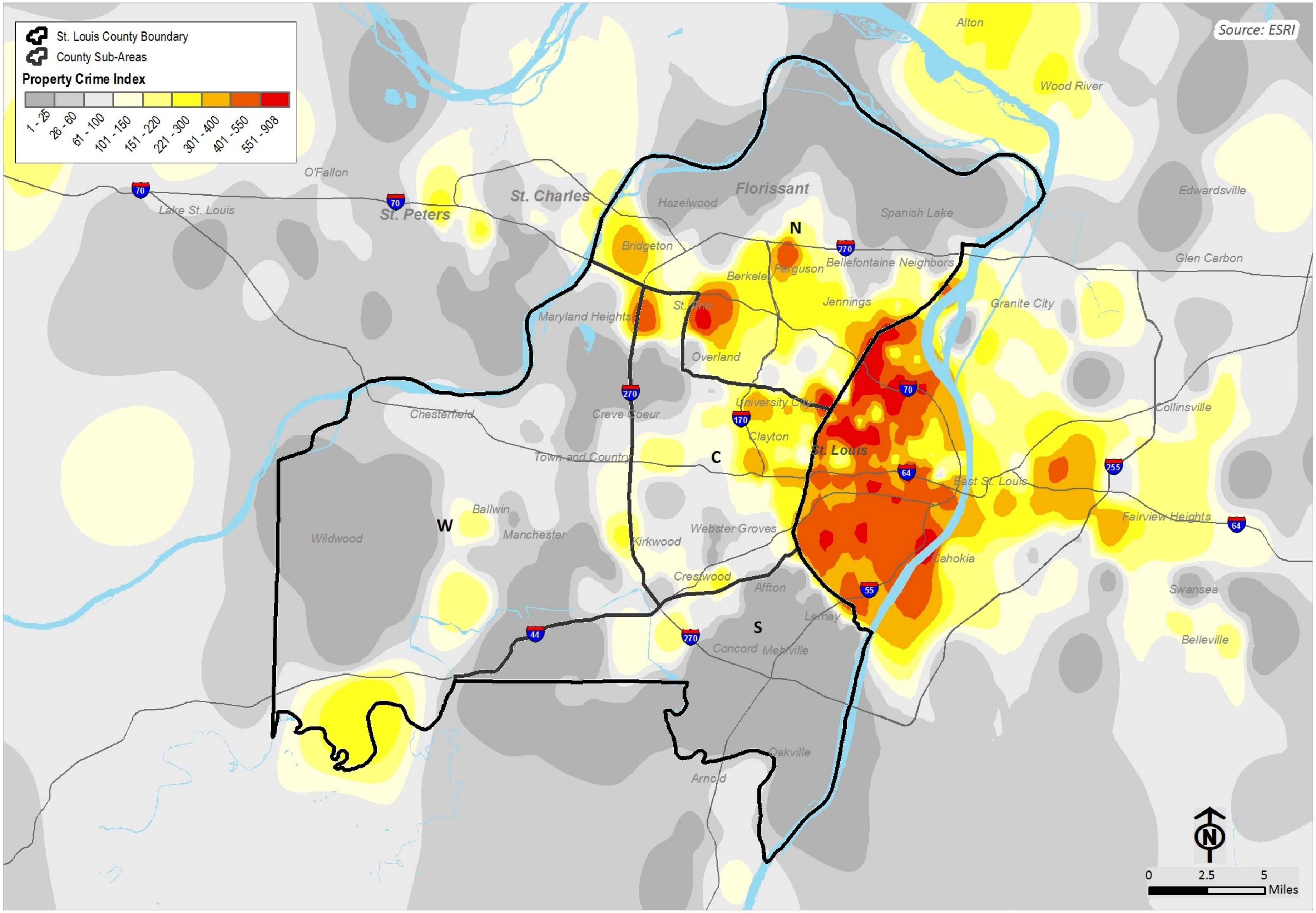

Property CrimeRisk Index (2010)

St. Louis County, Missouri

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